Stock Code: 4164

CHC Healthcare Group

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on May 28, 2021

Taiwan Stock Exchange Market Observation Post System:
http://mops.twse.com.tw
CHC Healthcare Group Annual Report is available at:
http://www.chcg.com

I. Name, job title, telephone number, and email of the spokesperson and acting spokesperson:

Spokesperson	Acting Spokesperson
Name: Ming-Lun Lee	Name: Yi-Chun Chen
Title: COO	Title: CFO
Tel.: (02)6619-9989	Tel.: (02)6619-9989
Email: ir@chcg.com	Email: ir@chcg.com

II. Address and telephone number of the head office, branch office, and factory

Company Address: 6F, No. 366, Changchun Road, Jhongshan District, Taipei City
Tel.: (02)6608-1999
Factory address: None.
The Group: CHC Healthcare Group (hereinafter referred to as “the Company” or “CHC Holdings”) and its invested companies, collectively referred to as “the Group,” engages in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, and medicines.

III. Name, address, website, and telephone number of the stock transfer agency:

Name: Stock Transfer Department of CTBC Bank Co., Ltd. Website: https://www.ctbcbank.com
Address: 5F, No. 83, Sec. 1, Chungching S. Road, Chungcheng District, Taipei City Tel.: (02)6636-5566

IV. The name of the certified public accountants and the name, address, website, and telephone number of the CPA firm responsible for auditing the financial report of the most recent year:

Name of CPAs: Yu-Fang Yen and Pei-Lin Tu
CPA Firm: PricewaterhouseCoopers (PwC) Website: https://www.pwc.tw
Address:27F, No. 333, Sec. 1, Keelung Road, Xinyi District,Taipei City Tel.: (02)2729-6666

V. The name of overseas securities exchange and the securities inquiry methods:

None.

VI. The website of the Company: http://www.chcg.com

Table of Contents

One. Letter to Shareholders ····· 1

I. The 2020 business operation results ····· 1

II. The 2021 business plan outline ····· 2

III. The Company's future development strategy ····· 4

IV. The impact of external competition environment, regulatory environment, and overall business environment ····· 5

Two. Company Profile ····· 7

I. Date of Incorporation ····· 7

II. Company History ····· 7

Three. Corporate Governance Report ····· 11

I. Organization ····· 11

II. Directors, Supervisors and Management team ····· 14

III. Remuneration of directors, supervisors, General Manager, and Vice President in the most recent year ····· 22

IV. Implementation of Corporate Governance ····· 27

V. Information Regarding the Company's Audit Fee and Independence ····· 65

VI. Replacement of CPA ····· 66

VII. If the Company's President, General Manager, and/or executives in charge of finance and accounting worked for the CPA's accounting firm or its affiliates in the most recent years, their names, job titles and the durations should be disclosed ····· 67

VIII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders ··· 67

IX. Relationship among the Top Ten Shareholders ····· 68

X. The number of shares of reinvested businesses concurrently held by the Company, the Company's directors, supervisors, managers, and affiliates directly/indirectly controlled by the Company, and the consolidated shareholding ratio ····· 69

Four. Capital Overview ····· 70

I. Capital and Shares ····· 70

II. Bonds ····· 76

III. Preferred stock issuance ····· 78

IV. Global Depository Receipts ····· 78

V. Employee stock options and new restricted employee shares ····· 78

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions ····· 79

VII. Financing Plans and Implementation ····· 79

Five. Operational Highlights ····· 80

I. Business Activities ····· 80

II. Market and Sales Overview ····· 96

III. Human Resources ····· 110

IV. Environmental Protection Expenditure ····· 111
V. Labor Relations ····· 111
VI. Important Contracts ····· 115
Six. Financial Information ····· 118
I. Five-Year Financial Summary ····· 118
II. Five-Year Financial Analysis ····· 122
III. Supervisors' or Audit Committee's Report in the Most Recent Year ····· 125
IV. Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report ····· 126
V. Standalone financial report of the company that has been audited by an accountant in the most recent year ····· 126
VI. The impact of financial difficulty of the company and its affiliated enterprises on the financial status of the company detailed in the financial report of the most recent year and as of the annual report printing date ····· 126
Seven. Review of Financial Conditions, Operating Results, and Risk Management ····· 127
I. Analysis of Financial Status ····· 127
II. Analysis of Operation Results ····· 129
III. Analysis of Cash Flow ····· 130
IV. Major Capital Expenditure Items ····· 131
V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year ····· 131
VI. Analysis of Risk Management ····· 132
VII. Other major matters ····· 136
Eight. Special Disclosure ····· 137
I. Summary of Affiliated Companies ····· 137
II. Private Placement Securities in the Most Recent Years ····· 142
III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years ····· 142
IV. Other supplementary information ····· 142
V. The impact of the events as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act on shareholder's equity or security price in the most recent year and as of the annual report printing date ····· 142

One. Letter to Shareholders

Dear Shareholders:

Thank you for your support and guidance to CHC Healthcare Group, enabling the Group to develop stably in this critical environment. With the efforts of all employees, the Group has improved its gross profit margin significantly in 2020 with a successive double-digit net profit, under the impact posed by COVID-19 all over the world. The Group strongly believes that a solid economic foundation is the key to sustainable business operations, and will continue the growth streak by maintaining the upward momentum, with a view to creating the best interests for the shareholders and employees.

I. The 2020 business operation results

(1) Business plan implementation of 2020

The 2020 consolidated operating revenue was NT$2,554,911 thousand, less than NTNT2,950,052 thousand reported in 2019, mainly attributable to the declination of equipment sales; the profit reported in 2020 was NT$362,912 thousand, a decrease from the profit of NT$390,431 thousand in 2019, mainly due to the growth of salary and depreciation expenses in 2020; the consolidated operating results for the year 2020 are as follows:

Unit: NT$ thousand

Item	2020
Operating Revenue	2,554,911
Gross profit	830,710
Operating expenses	317,604
Operating profit	513,106
Profit before income tax	463,996
Profit for the year	362,912

(2) Budgeting

The Group did not disclose the 2020 financial forecast, so there is no need to disclose the budget execution.

(3) Revenue/expenditure and profitability

Item		2020	2019
Financial structure and solvency	Debt ratio(%)	48.02%	52.55%
	Current ratio(%)	330.86%	115.10%
Profitability	Return on total assets (%)	3.85%	4.23%
	Return on stockholders' equity (%)	6.41%	7.47%
	Profit ratio (%)	14.20%	13.23%
	Earnings per share (NT$)	$2.53	$2.83

(4) R&D status

The Group is not in the manufacturing business and therefore does not have a dedicated R&D department. In the year 2018, however, the Group engaged in a technology R&D Project for industrial upgrade and innovation coaching, titled “Integrated Radiation Oncology Information Platform – IROIP *note,” hosted by the Industrial Development Bureau, Ministry of Economic Affairs, and accordingly the Group built an information platform that can integrate the Hospital Information System and Oncology Information System of patient treatment. The project has been closed officially in 2020. The products researched and

developed therefor were also marketed and promoted on the market.

*Note: In response to the need for product marketing and promotion, it has already been renamed as “iROIS.”

II. The 2021 business plan outline

(1) Operation policy

1. Product development strategy

The Group has long been committed to introducing high-end medical equipment and technologies for improvement of the medical standards at home. In recent years, the Group has further engaged in precision medicine and successfully introduced the proton therapy system and MRI linear accelerator to eliminate tumors while protecting normal tissues of the patients; the Group also successfully distributes medical mechanical exoskeletons that have been certified by the EU CE and the US FDA and have entered the three major markets – Europe, the United States, and Japan. This product is expected to help the recovery of spinal cord injury and stroke, thus benefiting the patients in Taiwan.

In the future, the Group will continue the robust distributorship with international medical equipment manufacturers and actively recruit new products through visits to various exhibitions, so as to enrich the product line, for which the existing sales channels will be efficiently performed to bring in further incomes for the Group, achieving a three-win situation among the Group, the patients and the hospitals.

2. Medical management service guideline

The omnibearing medical management services provided by the Group include the medical site planning, design and construction, the medical equipment installation and testing, departmental management and consulting services, medical technician training, and equipment maintenance services and subsequent upgrade services. The key to the thorough development of medical management services in Taiwan and availability of such services overseas resides in the Group’s professional technical group certified by suppliers. The timely and fine-quality technical support and resilience, as well as the innovative cooperation model, help the Group build its differentiated competitiveness and strengthen the cooperative relationship between the Group and customers/suppliers. In the future, the Group will continue to train its professional team, and also expand the medical services in depth and width to benefit the medical management business development.

3. Overseas market management

The Group adopts the business model that combines sales and medical management services in China. In addition to introducing high-end medical equipment and instruments to remedy the short supply of medical resources locally, the Group has also established a collaboration model with several large medical institutions in China to help them improve their medical management process and thereby increase their revenues. In the future, we will use the collaborative sites as exhibition points to negotiate for other projects and take the opportunities to learn more about China’s policy trends and market profiles in order to provide more comprehensive and multi-faceted integrated services.

Further, in the Southeast Asian market, the Group has already assisted the first hospital

affiliated to Mayapada Hospital Group in establishing radiation oncology departments and actually put it into operation for the treatment of cancer patients. In the future, we will continue to provide medical management services, aiming to help Southeast Asian countries improve medical quality and cultivate medical talents.

4. Diversified expansion

The Group is used to noting external environmental changes and market trends proactively. Recently, it has developed different fields based on medical treatment as its main profession, hoping to promote the overall health and well-being of mankind. In order to deal with the upcoming age of big data, the Group has successfully developed the application platform, iROIS, that combines HIS and OIS, and integrated information horizontally to help improve the efficiency of clinical operations and optimize operating procedures. In response to the aging wave, the Group cooperates with the Sakurajyuji Group to deploy the long-term care market in Taiwan and focus on continuous care and advocate preventive medicine, hoping to give a boost to the quality and dignity of the life of the elders at home. In consideration of the rising awareness toward safety and health, the Group steps into the radiation sterilization business, plans to introduce the photon radiation and electro radiation sterilization systems from IBA, a Belgium-based company, in order to drive Taiwan's sterilization industry to develop toward a safe, high-performance and low-pollution environment.

(2) Expected sales volume and its basis

Main Item	Growth Rate	Description
Radiation oncology and neuroscience related equipment sales	10%	Based on the estimated demands and growth of the market
Rental revenue	5%	Based on the current and estimated rentals
Service revenue	30%	Based on the estimated sales growth of equipment
Others	10%	Based on the estimated demands and growth of the market

(3) Key production and marketing policies

1. Full-range product lines in various medical fields

The Group distributes full-range product lines, under the radiation oncology treatment brands including Elekta, PTW Freiburg Gmb (PTW), GE, Ashland, C-RAD, IBA and Klarity Medical, etc.; the neuroscience brands including Elekta, Megin, Leica, Hillrom, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical and Adventech; the medical imaging brands including Swissray and GE; the ophthalmology brands including Bausch+Lomb, Ellex, Leica, PhysIOL, Wexler, Hillrom (Welch Allyn) and Albomed, etc.; as well as the medical lead glass made by Nippon Electric Glass Co., Ltd. These are all internationally renowned brands with high popularity and market share, which have continued R&D investment to develop new products, new functions and new technologies to initiate the market demands and maintain competitive edges.

2. Improved omnibearing medical management services

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents the growth potential. The Group also deepens the development of equipment collaboration to transform it into the omnibearing medical management services, and sets up service locations in Taiwan, China and Indonesia, in order to have the internal technical team provide real-time technical support from installation and maintenance services to equipment upgrading. The leasing program can also be combined with comprehensive services including departmental planning and construction, management consultation and medical technician training. The soft power of equipment and medical technology collaboration provided by the Group is deeply favored by medical institutions, making suppliers' long-term collaboration with us strongly desirable, as well as more stable and comprehensive partnership with upstream and downstream dealers.

3. Continued expansion in overseas markets

Again, with the successful experience in Taiwan, the Group has taken the initiative to engage in the medical equipment markets in China and Southeast Asia which present great growth potential in the Asia Pacific region, hoping to enable each cancer patient to take treatment locally as its mission and also help the two markets speed up the popularization of cancer treatment. Presently, subsidiaries have been set up in China and Indonesia. In China, the business model that combines sales and medical management service is taken to gain access to the local medical market, and introduces international medical equipment and Taiwan's professional experience in medical treatment. The Group also seizes every opportunity by keeping watching the movement of policies and market trends. In Indonesia, the Groups works with Mayapada Hospital Group, a local medical service institution, to continuously promote medical management services to other medical institutions, thus providing the more omnibearing and multi-faceted medical management service for the Indonesian market.

4. Extension of diversified business entities

The Group believes in that if the business development stops moving forward, it will fall behind. Therefore, in addition to pursuing the main profession's stable growth, the Group also expects to engage in multi-faceted development and contribute new momentum to the business sustainability. In the recent years, the Group has invested in development of the iROIS and also launched into the long-term care market and high-tech radiation sterilization industry, hoping to continue expanding its business domain to solidify its influence in related areas and lay the foundation for its leadership in integrated medical equipment, technology and service in the Asia-Pacific region.

III. The Company's future development strategy

(1) Short-term business development plan

1. Introducing high-end equipment distributed by it in a business model that combines sales and medical management, to increase the market share of the products in Taiwan; engaging

in the China market to sell medical equipment and expand professional medical equipment channels' scale to strengthen the quality of technical services for higher market share in China.

2. Promoting the iROIS in traditional Chinese developed voluntarily to increase the market share thereof in Taiwan, and also using the best to effort develop different language versions to enable the product to reach overseas markets too.
3. Continuously training the professional technical team and expanding the medical management services at home and abroad, by providing more timely and sounder services to upgrade the medical service quality, aiming to become the best choice for customers interested in joint ventures for medical businesses, and producing long-term stable revenues for the Group.
4. Continuously introducing the latest medical equipment and technology, seeking medical products demanded by other medical specialties, and extending the depth and breadth of medical channels, in order to develop diversified sales business and provide more comprehensive and multi-faceted medical technologies and services.

(2) Long-term business development plan

1. Expanding the current business to the Asia-Pacific medical markets as an overall deployment, by integrating upstream and downstream medical resources into a most complete product line and continuously improving high-value-added medical technology and services, so as to strengthen its leading role in the medical management services, and ultimately lay the foundation for its leadership in integrated medical equipment, technology and service in the Asia-Pacific region.
2. Externally, continuously introducing new competitive products to expand the service channels and increasing strategic partners to achieve economic scale, and internally, effectively simplifying the organizational structure to reduce various administrative costs, and focusing on resources integration to improve business performance and market competitiveness, ultimately continuing to overtake peers in the same trade.
3. Developing the long-term care business, and focusing on preventive medicine and continuous care, by developing the projects including elderly fitness, day care, elderly-friendly residence and residential institution, in order to reduce the time spent by the elderly in bed and help them enjoy a healthy, independent and pleasant retirement life.
4. Launching into the radiation sterilization business, introducing the sterilization system researched, developed and manufactured the international renowned brand, IBA, a Belgium-based company, and providing photon radiation and electro radiation sterilization services stressing safety, high-performance and residual free, in order to become the first supplier who adopts the radiation sterilization technology in line with the sustainable utilization principles throughout Taiwan.

IV. The impact of external competition environment, regulatory environment, and overall business environment

At present, the domestic high-end or large-scale medical equipment is still mainly imported

from Europe and the United States. Despite all the distributorship contracts signed with foreign suppliers, the Group's operations can be affected if any changes to the distributorship happen. In view of this, the Group continues great efforts to create excellent sales performance and train the professional technical team for high-quality services so that the suppliers will rely on our performance and robust partnership will be maintained.

In terms of the regulatory environment, where the medical equipment is more strictly regulated and required to go through layers of reviews as well as inspection and registration required by the Ministry of Health and Welfare, the Group keeps an eye on the changes of enactment to ensure a stable business environment.

With the advent of an aging society in Taiwan, as well as the spread of epidemic diseases around the globe and the increasing medical needs from developing countries, fueled by the growing awareness of hygiene and health, the medical equipment industry is having a sound development environment as a whole. Moreover, the Taiwanese government's policy to promote the biotechnology industry, along with China's 13th Five-Year Plan and the Indonesian government's implementation of the local health insurance system, coupled with the basic needs of livelihood, all make the medical equipment industry less susceptible to the impact of economic volatility, bringing in a generally optimistic outlook, and therefore the potential for further growth is expected. So, in terms of the overall business environment, our attitude is very positive.

Sincerely Yours,

Chairman: Pei-Lin, Lee

Two. Company Profile

I. Date of Incorporation

Holding company: CHC Healthcare Group (CHC)

Registration date: November 27, 2009

II. Company History

1977	Establishment of Chiu Ho Instruments & Reagents Co., Ltd. (the first subsidiary in the group) by Chairman, Pei-Ling Lee, to engage in the sales business of professional medical equipment, and primarily deal with import, sales, installation and maintenance of X-ray-related equipment at the very beginning of establishment.
1983	Distributorship with Tanaka X-ray, a Japanese company, for its medical equipment for the Taiwan market.
1984	Distributorship with IMS for its X-ray equipment and medical X-ray film processor for the Taiwan market.
1985	Exclusive distributorship with Nucletron, a Dutch company, for its radiotherapy equipment for the Taiwan market, entering the field of radiation oncology equipment.
1987	Exclusive distributorship with Villa, an Italian company, for its radiological diagnostic X-ray system for the Taiwan market. Exclusive distributorship with PTW, a German company, for its radiation quality verification system for the Taiwan market.
1995	Exclusive distributorship with SMV, a French company, for its nuclear medicine imaging system for the Taiwan market, entering the field of nuclear medicine imaging equipment.
1997	Exclusive distributorship with Elekta, a Swedish company, for its tumor treatment system for the Taiwan market, and in the same year, hiring Roger, a former senior engineer of Elekta as the chief engineer to build a professional technical team.
1998	Taking the initiative to provide comprehensive medical management services, by assisting Taipei Municipal Wan Fang Hospital with setup of the radiation oncology department.
1999	Inception of the Taichung office. Selling and installing Taiwan’s first Elekta IMRT linear accelerator.
2000	Inception of Chiu Ho Medical System Co., Ltd, responsible for the sales business of radiotherapy equipment.
2003	Inception of the Kaohsiung office. Establishment of Chu Yan Instruments Co., Ltd., responsible for the sales business of dental products. Exclusive distributorship with Yoshida, a Japanese company, for its dental products for the Taiwan market.
2004	Exclusive distributorship with Imaging Sciences Incorporated, an American company, for its 3D dental X-ray tomography imaging system for the Taiwan market.
2006	Establishment of Chiu Ho Scientific Co. Ltd., as the exclusive distributor of Bausch & Lomb for its ophthalmic medical products for the Taiwan market, followed by the setup of the sales and technical teams dedicated to the ophthalmic products, along with the sales network covering the north, center and south of Taiwan. Establishment of Tomorrow Medical System Co., Ltd., dedicated to the sale, leasing and services of medical devices.
2007	Exclusive distributorship with Lumenis for its ophthalmic and dental laser treatment products for the Taiwan market.

2008	Exclusive distributorship with Leica Surgical Microscope for its operating microscope products for the Taiwan market.
	Exclusive distributorship with Heine, a German company, for its ophthalmic equipment for the Taiwan market.
2009	Establishment of Cheng Yeh Holdings Co., Ltd., with a capital of NT$ 100,000, followed by restructuring with other 16 subsidiaries including Chiu Ho Medical System Co., Ltd., to consolidate marketing efficacy for the Greater China market.
	CHC Healthcare Group's acquisition of 99.98% of the Company's equity, becoming the parent company.
	Exclusive distributorship with Technolas, a German company, for its excimer lasers and femtosecond laser systems for the Taiwan market.
2010	Introduction of SAP ERP system to the Group, the first local medical instrument distributor using SAP R3 system.
	Exclusive distributorship with C-RAD, a Swedish company, for the Taiwan market.
2011	Restructuring of the CHC Healthcare Group, with the Group transferring all of its equity of the Company to the Group's shareholders.
	Establishment of Guangzhou Chiuho Medical System Co., Ltd., a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	IPO in September, and listed in October as emerging stock.
	Exclusive distributorship with Carestream (Kodak) for its dental imaging system for the Taiwan market.
	Distributorship with Elekta, a Sweden company, for its radiotherapy system in five provinces of South China.
2012	Cheng Yeh Holdings Co., Ltd. renamed as CHC Healthcare Group.
	Establishment of CHC Healthcare (HK) Limited, a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	Establishment of J.AB Beauty Co., Ltd. responsible for the sales of dental products.
	Listed on the Taiwan Stock Exchange (TWSE) on October 24.
	Merger of the subsidiaries Green Medical Management Co., Ltd. and E Century Health Care Corporation, with the latter as the surviving company.
	Merger of the subsidiaries Chiu Ho Instruments & Reagents Co., Ltd., St. Chien Ho Instruments Co., Ltd. and Hua Lin Instruments Co., Ltd., with the last one as the surviving company.
	Exclusive distributorship with Swissray, a Swiss company, for its digital X-ray imaging system for the Greater China market.
	Exclusive distributorship with Yoshida, a Japanese company, for its dental products for the Greater China market.
	Exclusive distributorship with IBA, a Belgian company, for its proton therapy systems for the Taiwan market.
2013	Merger of the subsidiaries Fong-Lin Medical System Co., Ltd. and Tong-Lin Instrument Co., Ltd., with the latter as the surviving company.
	Merger of the subsidiaries Tung Ying Biotech Co., Ltd. and E Century Health Care Corporation, with the latter as the surviving company.
	Establishment of Chiu Ho (CHINA) Medical Technology Co., Ltd., a second-tier subsidiary invested through the overseas subsidiary CHC Healthcare (BVI) Limited.
	Merger of the subsidiaries Chiu Ho Medical System Co., Ltd. and Chu Yan Instruments Co., Ltd., with the former as the surviving company.
	Exclusive distributorship with Croma Gesellschaft m.b.H., an Austrian company, for its artificial intraocular lenses and vitreous for the Taiwan market.

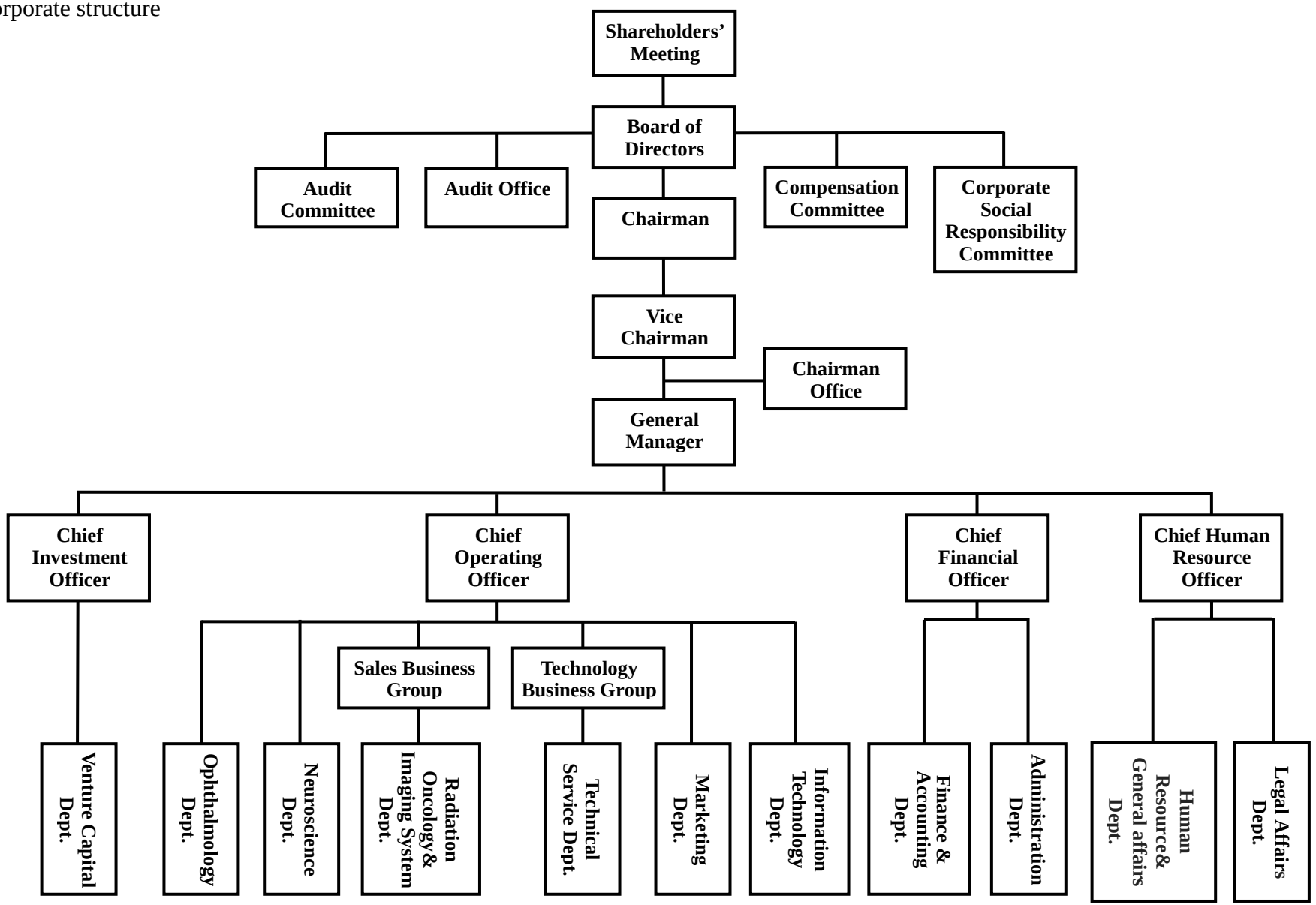
	Exclusive distributorship with Ellex, an Australian company, for its ophthalmic laser products for the Taiwan market.
	Distributorship with GE, a US company, for the diagnostic imaging and molecular medical systems.
2014	Activation of the comprehensive medical management services in China.
	Exclusive distributorship with Novadaq, a Canadian company, for the intraoperative image-guided system for the Greater China market.
2015	Acquisition of 100% equity of Shih-Lu Co., Ltd. by the subsidiary Medlink Healthcare Limited for the business needs to expand medical channels.
	Board resolution on split-off and assignment of the subsidiaries Shih-Lu Co., Ltd. and Hsing-Yeh Biotechnology Co., Ltd. in response to internal restructuring and management needs.
2016	Sales agreement signed between the subsidiary Chiu Ho Medical System Co., Ltd. and Changhua Christian Hospital for proton therapy systems, which will be of great benefit to facilitate the subsidiary's business expansion.
	Board resolution to dissolve the subsidiary Shih-Lu Co., Ltd. for the Group's investment restructuring and resource integration.
	Exclusive distributorship with PhysIOL, a Belgian company, for its artificial intraocular lens for the Taiwan market.
2017	Cooperation agreement signed between the subsidiary Tomorrow Medical System Co., Ltd., Taipei Medical University and Taipei Medical University Hospital for the proton therapy systems and related technical services, which will be of great benefit to facilitate the subsidiary's business expansion.
	Liquidation of Shih-Lu Co., Ltd. completed in response to the Group's business planning to reduce the number of controlled companies.
	Co-host "International Elderly Care Industry Leaders Forum" with Institute for Biotechnology and Medicine Industry.
2018	Board resolution to dissolve the subsidiary J.AB Beauty Co., Ltd. in response to the Group's business planning to reduce the number of controlled companies.
	Establishment of Neusoft CHC Medical Service Co., Ltd., added to the list of controlled companies for the development in the China market.
	Establishment of SenCare Healthcare Company, added to the list of controlled companies for the expansion into the elderly care business.
	First certification of ISO 9001 Quality Management System and OHSAS 18001 Occupational Health and Safety Management System.
	Exclusive distributorship with Crownjun, a Japanese company, for its surgical sutures and instruments for the Taiwan Market.
	Exclusive distributorship with Sony, a Japanese company, for its integrated medical imaging equipment for the Taiwan market.
	Exclusive distributorship with CAScination, a Swiss company, for its stereotactic navigation system for the Taiwan market.
2019	Merger of the subsidiaries Chiu Ho Scientific Co., Ltd. and Ho-Shin Instruments Co., Ltd., with the former as the surviving company.
	Establishment of PT. CHC MEDIKA INDONESIA, added to the list of controlled companies for the development in the Indonesian market.
	Activation of the comprehensive medical management services in Indonesia.
	Establishment of CHC Long-Term Care Corporation , added to the list of controlled companies to engage in long-term care service institutions.
	Exclusive distributorship with Cyberdyne, a Japanese company, for its full range of

	HAL® products in the Taiwan market.
	Exclusive distributorship with Hillrom, a US company, for its operating room products and Welch Allyn product line for the Taiwan market.
	Exclusive distributorship with Albomed, a German company, for its artificial vitreous for the Taiwan market.
2020	The proposal of the subsidiary Shin-Ho Instruments Co., Ltd. for the investment in sterilization business was reviewed and approved at the Session of the Review Conference held by the Science Park of the Ministry of Science and Technology.
	Exclusive distributorship with Advantech, a Taiwanese company, for its medical surgery-related products for the Taiwan market.
2021	First certification of ISO 45001 Occupational Health and Safety Management System.

Three. Corporate Governance Report

I. Organization

(1) Corporate structure



(2) Department operations

CHC Healthcare Group is operated in conjunction with more than ten subsidiaries at home and abroad. The Company aggregately supports the subsidiaries with logistic resources and, with the resources sharing and integration through the corporate platform, the management performance in enhanced. Meanwhile, CHC Healthcare Holding is charged to centrally controlls and supervises the subsidiaries for a higher operational efficacy. The Holding company is also responsible for the external capital market, investor relations and relevant financing matters.

Department	Main Functions
Audit Office	Planning, implementation and revision of internal control system. Formulation and implementation of annual audit plan. Formulation and implementation of unit self-inspection plan. Other matters that are enforced in accordance with the law.
Chairman Office	Establish and maintain relations with investors and legal persons, visitor reception, and news event handling and tracking.
Legal Affairs Dept.	Reviewing contracts, providing legal advice, handling legal proceedings, and compliance.
HR & General Affairs Dept.	Planning and execution of human resources, recruitment, and training. General affairs. Domestic procurement projects and purchase of important parts and consumables, and bargaining.
Administration Dept.	Administrative supports. Overseas procurement projects and purchase of important parts and consumables, and bargaining. Apply to the Ministry of Health and Welfare for QSD and product licenses of foreign medical equipment suppliers to ensure that the products are imported and installed in compliance with relevant domestic regulations.
Finance & Accounting Dept.	Planning and execution of corporate financial management and funding. Accounting work Tax work. Planning and consolidation of annual budget. Planning and execution of investment work. Customer credit checking and credit risk management. Planning of shareholders' equity.
Information Technology Dept.	Planning and construction of the overall information system framework throughout the Company, secured control over data safety, supervision and review on procedures, and continued improvement of software/hardware of the Company's information system.
Marketing Dept.	Responsible for product marketing advertisements, circulation of product catalog and support of sales units' marketing activities.
Technical Service Dept.	Helping customers with equipment setup and training. Inspection and maintenance of equipment.

Department	Main Functions
Radiation Oncology & Imaging System Dept.	Business promotion, development of market, sale of product, and customer service.
Neuroscience Dept.	Business promotion, development of market, sale of product, and customer service. Helping customers with equipment setup and training. Inspection and maintenance of equipment.
Ophthalmology Dept.	Business promotion, development of market, sale of product, and customer service. Helping customers with equipment setup and training. Inspection and maintenance of equipment.
Venture Capital Dept.	Overseas/domestic business development.

II. Directors, Supervisors and Management Team

(1) Directors and supervisors

1. Personal Profiles

April 18, 2021 Unit: share

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	British Virgin Islands	Princeton Healthcare Limited	—	2020.06.12	3 years	2012.01.06	28,257,983	19.95%	28,257,983	17.97%	0	0	0	0	N/A	N/A	N/A	N/A	N/A
Representative of a Juristic Person Director / Chairman	ROC	Representative of Princeton Healthcare Limited: Pei-Lin, Lee	M	2020.06.12	3 years	2009.11.25 (note 2)	5,682,151	4.01%	5,682,151	3.61%	2,862,808	1.82%	28,257,983 (note 3)	17.97%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman/Director/Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, Meditron Group Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, He-Sheng Limited Director, CHIEN-LIN Limited Chairman/Representative of juristic-person director, S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd.	Vice Chairman	Tien-Ying, Lee	Father and Son
Vice Chairman	ROC	Tien-Ying, Lee	M	2020.06.12	3 years	2009.11.25	9,017,985	6.37%	9,413,985	5.99%	31,000	0.02%	0	0	School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Resident, Department of Medicine, Mackay Memorial Hospital Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital	Chairman/Director/Representative of juristic-person Supervisor of subsidiaries of CHC Healthcare Group Director, CHC Healthcare Group Chairman, Butterfield Management Group Limited Chairman, SMTH AG Chairman, Swissray Medical AG Chairman, Swissray International Inc. Supervisor, AESolution Biomedical Co., Ltd. Representative of Juristic-person Chairman/General Manager, Swissray Asia Healthcare Co., Ltd. Chief Operating Officer/Representative of juristic-person director, S&S Healthcare Holding Ltd. Superintendent, YeeZen General Hospital Director, Swissray Healthcare Holding (H.K.) Limited Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Shin Shin Healthcare Co., Ltd.	Chairman	Pei-Lin Lee	Father and Son

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	ROC	Chun-Shung, Huang	M	2020.06.12	3 years	2012 01.06	0	0	0	0	0	0	0	0	School of Medicine, Kaohsiung Medical University (originally known as Kaohsiung Medical College) A Pass on Exams for Doctors Held by Ministry of Examination Specialist, Department of Orthopaedics President, Childhood Burn Foundation of The Republic of China President, Hospice Foundation of Taiwan Director, Taiwan Medical Center Association Director, Taiwan Orthopaedic Association Superintendent, Mackay Memorial Hospital President, Mackay Memorial Hospital Superintendent, Jen Ching Memorial Hospital	Director, Kimma Foundation Honorary Physician and Consultant, Mackay Memorial Hospital Attending Physician, Department of Orthopaedics, Changhua Christian Hospital Head Consultant / Physician, Department of Orthopaedics, YeeZen General Hospital	N/A	N/A	N/A
Juristic-person director	ROC	Yen-Hsin Investment Ltd.	—	2020.06.12	3 years	2014.06.17	177,262	0.13%	177,262	0.11%	0	0	0	0	N/A	Director, Sunengine Co., Ltd./Feng-Shin Venture Capital Co., Ltd.	N/A	N/A	N/A
Representative of a Juristic Person Director	ROC	Representative of Yen-Hsin Investment Ltd.: Yung-Shun, Chuang	M	2020.06.12	3 years	2014.06.17	423,108	0.30%	423,108	0.27%	0	0	0	0	EMBA, National Taiwan University President, AAEON Technology Inc.	Representative of juristic-person director and Chairman, AAEON Technology Inc./Onyx Healthcare Inc./Yan-You Investment Inc./AAEON Technology (Su Zhou) Inc./Chang-Yang Technology Inc/Onyx Healthcare (Shanghai) Inc. Chairman, Yen-Hsin Investment Ltd./Fu-Li Investment Inc./Everfocus Electronics Corp. Independent Director, Top Union Electronics Corp. Director, AAEON Foundation/Litemax Electronics Inc./King Core Electronics Inc./ATECH OEM INC./Allied Biotech Corp./ONYX Healthcare USA, Inc./ONYX Healthcare Europe B.V./AAEON Electronics Inc./AAEON TECHNOLOGY (Europe) B.V./AAEON TECHNOLOGY GMBH/Litemax Technology Inc./Mcfees Group Inc./AAEON TECHNOLOGY SINGAPORE PTE LTD./Qiye Electron (Dongguan) Ltd./Danyang Qiye Technology Co., Ltd./MACHVISION Inc./MACHVISION (Dongguan) Inc Co., Ltd. Representative of juristic-person director, Xac Automation Corp./Taiyong Electron (Suzhou) Corp./Taipei Tech Star Venture Capital Co., Ltd./Feng-Shin Venture Capital Co., Ltd./Allied Oriental	N/A	N/A	N/A

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
																International Ltd./Yibao Zhiren Inc./Sunengine Co., Ltd./Winmate Communication Inc./Ibase Technology Inc.			
Independent Director	ROC	Gui-Duan, Chen	M	2020. 06.12	3 years	2012. 01.06	0	0	0	0	0	0	0	0	PhD in Economic Law, Graduate School, China University of Political Science and Law Master, Graduate Institute of Public Finance, National Chengchi University CPA License holder Chair, Department of Accounting, Feng Chia University Chair, Corporate Governance Research Center Legislative assistant, Budget Center, Legislative Yuan, Republic of China (Taiwan) Standing Directors, Taiwan CPA Association	Adjunct Professor, Department of Accounting, Feng Chia University CPA, EnWise CPAs & Co. Arbitrator, Chinese Arbitration Association Director, Swancor Holding Co., Ltd. Independent Director, Lee Chi Enterprises Co., Ltd. Independent, Chumpower Machinery Corporation	N/A	N/A	N/A
Independent Director	ROC	Chang-Jian, Ho	M	2020. 06.12	3 years	2012. 01.06	0	0	0	0	0	0	0	0	School of Chinese Medicine, China Medical University (originally known as China Medical College) A Pass on Exams for Doctors Held by Ministry of Examination Certification specialist, department of radiology Certification specialist, department of geriatrics and gerontology Resident / Chief Resident / Attending Physician / Director, Department of Radiology, Heping Fuyou Branch, Taipei City Hospital (originally known as Taipei Municipal Hoping Hospital) Adjunct Director, Engineering Affairs Office, Heping Fuyou Branch, Taipei City Hospital (originally known as Taipei Municipal Hoping Hospital) Adjunct Attending Physician, Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital	Special Physician, Heping Fuyou Branch, Taipei City Hospital	N/A	N/A	N/A
Independent Director	ROC	Geng-Wang, Laiw	M	2020. 06.12	3 years	2014. 06.17	0	0	0	0	0	0	0	0	Master, Department of Health Services Administration, China Medical University School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Certification specialist, department of emergency medicine Resident / Attending Physician, Department of Emergency Medicine, China Medical University Hospital	Vice Superintendent, YeeZen General Hospital	N/A	N/A	N/A

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
															Resident, Department of Medicine, Taichung Hospital, Ministry of Health and Welfare (originally known as Taichung Hospital) Attending Physician, Department of Emergency Medicine, Taichung Tzu Chi Hospital, Buddhist Tzu Chi Medical Foundation				

Note 1: The date of appointment of the directors and supervisors as of the date of the annual report; the current directors were elected and appointed on June 12, 2020, the same date as shares held at the time of appointment.

Note 2: The date Pei-Lin Lee as a natural person was first elected as the director and chairman of the Company.

Note 3: As Chairman Pei-Lin Lee held more than 50% of Princeton Healthcare Limited, the shares of the Company held by Princeton Healthcare Limited were listed as shares held by Chairman Pei-Lin Lee in the name of others.

Note 4: If the Chairman of the Company and the General Manager or equivalent (top manager) are the same person, spouse or relatives of one degree of kinship, explain the reasons, rationality, necessity and corresponding measures (e.g. increasing the number of independent directors, and there should be more than half of the directors who are not employees or managers, etc.): the current General Manager and Chairman of the Company are the same person, because no qualified professional manager can hold the position after the former General Manager leaves office. In order not to affect the normal operation of the Company, the post of general manager is concurrently held by the Chairman who has been working in the medical industry for more than 40 years. Being in a special industry which has a relatively high entry barrier and requires medical expertise, relational networks and the concept of international market, the company is actively seeking for such talent while promoting elite talent training programs internally, with a view to find a qualified general manager as soon as possible.

2. Major shareholders of the institutional shareholders

April 18, 2021

Name of Institutional Shareholders	Major Shareholders
Princeton Healthcare Limited	Pei-Lin Lee (75.2%), Su-Ching Chen (17.3%), Tien-Ying, Lee (6.4%), Tzu-Lan, Tung (1.1%)
Yen-Hsin Investment Ltd.	Yung-Shun Chuang (99.9%), Fu-Giun Chuang(0.04%)、Fu-Jie Chuang (0.04%)、Hui-Mei Huang (0.02%)

3. Major shareholders of the Company's major institutional shareholders

N/A

4. Professional qualifications and independence analysis of directors and supervisors

April 18, 2021

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Princeton Healthcare Limited legal representative: Pei-Lin Lee		✓	✓						✓	✓	✓	✓		✓		0
Tien-Ying, Lee		✓	✓						✓	✓	✓	✓		✓	✓	0
Yen-Hsin Investment Ltd. legal representative: Yung-Shun Chuang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Chun-Shung Huang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Gui-Duan Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Chang-Jian Ho		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Geng-Wang Laiw		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If the directors and supervisors meet the following conditions within two years before and during their tenure of office, place a "✓" mark in the space below each condition code.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is concurrently the independent director as appointed by the Company, its parent company, or any subsidiary of the same parent company in accordance with the Act or the laws of the country of the parent company or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranks in the top 10 in holdings.

(4) Not a spouse, within a second-degree relative or within a third-degree direct blood relative of the managers listed in (1) or persons listed in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings, or any of its affiliates, or who is appointed as the Company's

director or supervisor in accordance with Paragraph 1 or 2, Article 27 of the Company Law. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(6) Not a director of the Company or a director, supervisor or employee of any other company of which more than 50% of the voting shares are controlled by the some one person. Not applicable in cases where the person is concurrently the independent director as appointed by the Company, its parent company, or any subsidiary of the same parent company in accordance with the Act or the laws of the country of the parent company or subsidiary.

(7) Not a director, supervisor or employee of any other company or institution who is concurrently the Chairman, General Manager or someone holding the equivalent position of the Company or the spouse of any of them. Not applicable in cases where the person is concurrently the independent director as appointed by the Company, its parent company, or any subsidiary of the same parent company in accordance with the Act or the laws of the country of the parent company or subsidiary.

(8) Not a director or supervisor of a particular company who has business transaction or financial transaction with the Company or a shareholder with more than 5% of that company's shares. Not applicable in cases where a particular company or institution holds 20% or more (no more than 50%) of the Company’s shares, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(9) Not a commercial, legal, financial or accounting professional or a owner, partner, director, supervisor, manager or their spouse of a sole proprietorship, partnership, or corporate institution that provides the Company and its affiliates with auditing services or has a cumulative income of no more than NT$ 500 thousand in the last two years. However, it is not applicable to the members of the Compensation Committee, the Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee performing their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Business Mergers Acquisitions Act.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Management Team

April 18, 2021 Unit:Share

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Pei-Lin Lee	M	2018.07.31	5,682,151	3.61%%	2,862,808	1.82%	28,257,983	17.97%	Department of Medical Imaging and Radiological Science, Central Taiwan University of Science and Technology (originally known as Department of Radiological Technology , ChungTai Junior College) MBA, Pacific Western University Department of Medical Imaging (originally known as Department of Radiology), National Taiwan University Hospital Honorary Doctorate, Central Taiwan University of Science and Technology	Chairman/Director/Representative of juristic-person director of subsidiaries and indirect subsidiaries of CHC Healthcare Group Chairman, Princeton Healthcare Limited Chairman, Meditron Group Limited Chairman, CHC Healthcare Group Director, SMTH AG Director, Swissray Medical AG Director, Swissray International Inc. Chairman, AESolution Biomedical Co., Ltd. Director, He-Sheng Limited Director, CHIEN-LIN Limited Chairman/Representative of juristic-person director, S&S Healthcare Holding Ltd. Chairman, Central Taiwan University of Science and Technology Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd.	Vice President, Overseas Business Group	Tien-Ying, Lee	Father and son	(Note 2)
Vice President, Overseas Business Group	ROC	Tien-Ying, Lee (Note 1)	M	2020.01.01	9,413,985	5.99%	31,000	0.02%	0	0	School of Medicine, China Medical University A Pass on Exams for Doctors Held by Ministry of Examination Resident, Department of Medicine, Mackay Memorial Hospital Chief Resident, Division of General Medicine / Division of Infectious Diseases, Mackay Memorial Hospital Pass	Chairman/Director/Representative of juristic-person Supervisor of subsidiaries of CHC Healthcare Group Director, CHC Healthcare Group Chairman, Butterfield Management Group Limited Chairman, SMTH AG Chairman, Swissray Medical AG Chairman, Swissray International Inc. Supervisor, AESolution Biomedical Co., Ltd. Representative of Juristic-person Chairman/General Manager, Swissray Asia Healthcare Co., Ltd. Chief Operating Officer/Representative of juristic-person director, S&S Healthcare Holding Ltd. Superintendent, YeeZen General Hospital Director, Swissray Healthcare Holding (H.K.) Limited Representative of juristic-person director, Cheng-Hsin Biotechnology Co., Ltd. Chairman, Shin Shin Healthcare Co., Ltd.	General Manager	Pei-Lin, Lee	Father and son	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer, Oncology Business Group	ROC	Yee-Min Jen	M	2014.05.16	29,000	0.02%	0	0	0	0	M76, School of Medicine, National Defense Medical Center PhD in Oncology, University of Manchester Specialist in Radiation Oncology Specialist, Taiwan Academy of Hospice Palliative Medicine Resident / Chief Resident / Physician / Division Chief-Radiation Physics / Division Chief-Radiation Therapy / Director; Department of Radiation Oncology, Tri-Service General Hospital Associate Professor / Professor; Radiation Oncology Discipline, National Defense Medical Center Member of Cancer Committee and Director of Group for Quality Management , Tri-Service General Hospital Director, OSCE, Tri-Service General Hospital Associate Chair, School of Medicine, National Defense Medical Center Department of Health and welfare Cancer Quality Certification Survey Committee Director, Taiwan Society for Therapeutic Radiology and Oncology	Attending Physician, Dept. of Radiation Oncology / Vice Superintendent, YeeZen General Hospital Adjunct Attending Physician, Dept. of Radiation Oncology, Tri-Service General Hospital) Adjunct Professor; National Defense Medical Center Director, Cardinal Tien Hospital	N/A	N/A	N/A	
COO	ROC	Ming-Lun Lee	M	2011.01.01	102,250	0.07%	0	0	0	0	Department of Mechanical Engineering, National Taipei University of Technology	Representative of juristic-person director of subsidiaries of CHC Healthcare Group Director, AESolution Biomedical Co., Ltd. Supervisor, Cheng-Hsin Biotechnology Co., Ltd.	N/A	N/A	N/A	
CFO	ROC	Yi-Chun Chen	F	2011.02.01	35,000	0.02%	0	0	0	0	Department of Accounting, Fu Jen Catholic University Assistant Vice President, PricewaterhouseCoopers (PwC) Taiwan	Representative of juristic-person Director, representative of juristic-person Supervisor, Director and Supervisor of subsidiaries of CHC Healthcare Group Director, AESolution Biomedical Co., Ltd.	N/A	N/A	N/A	

Note:1 :In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying, Lee, was discharged on March 19, 2021.

Note 2: If the General Manager or equivalent (top manager) and the Chairman are the same person, spouse or relatives of one degree of kinship, disclose the reasons, rationality, necessity and corresponding measures (e.g. increasing the number of independent directors, and there should be more than half of the directors who are not employees or managers, etc.): the current General Manager and Chairman of the Company are the same person, because no qualified professional manager can hold the position after the former General Manager leaves office. In order not to affect the normal operation of the Company, the post of general manager is concurrently held by the Chairman who has been working in the medical industry for more than 40 years. Being in a special industry which has a relatively high entry barrier and requires medical expertise, relational networks and the concept of international market, the company is actively seeking for such talent while promoting elite talent training programs internally, with a view to find a qualified general manager as soon as possible.

III. Remuneration of Directors, Supervisors,General Manager, and Vice President in the most recent year

(I) Remunerations of directors (including independent directors), 2020

Unit: NT thousands; thousand shares; %

Title	Name	Remuneration of Director								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
																The company		Companies in the consolidated financial statements				
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock	The company	Companies in the consolidated financial statements	
Director	Princeton Healthcare Limited	0	0	0	0	800	800	0	0	0.22%	0.22%	0	0	0	0	0	0	0	0	0.22%	0.22%	N/A
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	0	0	0	0	0	0	48	48	0.01%	0.01%	10,863	10,863	0	0	0	0	0	0	2.98%	2.98%	N/A
Vice Chairman	Tien-Ying Lee	0	0	0	0	800	800	48	48	0.23%	0.23%	6,323	6,323	0	0	0	0	0	0	1.96%	1.96%	N/A
Director	Chun-Shung Huang	0	0	0	0	800	800	48	48	0.23%	0.23%	0	0	0	0	0	0	0	0	0.23%	0.23%	N/A
Director	Yen-Hsin Investment Ltd.	0	0	0	0	800	800	0	0	0.22%	0.22%	0	0	0	0	0	0	0	0	0.22%	0.22%	N/A
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0	0	0	48	48	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	N/A
Independent director	Gui-Duan Chen	0	0	0	0	800	800	153	153	0.26%	0.26%	0	0	0	0	0	0	0	0	0.26%	0.26%	N/A
Independent director	Chang-Jian Ho	0	0	0	0	800	800	153	153	0.26%	0.26%	0	0	0	0	0	0	0	0	0.26%	0.26%	N/A
Independent director	Geng-Wang Laiw	0	0	0	0	800	800	153	153	0.26%	0.26%	0	0	0	0	0	0	0	0	0.26%	0.26%	N/A

1. Please state the payment policy, system, standards and structure of the independent directors 'remuneration, and describe the relevance to the amount of remuneration paid according to the responsibilities, risks, time invested and other factors: the Company has purchased liability insurance for all independent directors, and has given a fixed amount of remuneration according to the actual participation of each independent director in the functional committees and the Board of Directors; Each year, the total remuneration of directors will be reported to the Shareholders' Meeting based on the actual operating results of the Company, and then determine the benchmark for the remuneration of individual directors based on the results of the internal self-evaluation of the Board of Directors, the individual self-evaluation of directors, the performance evaluation made by appointed external professional institutions or by other appropriate methods.

2.Except as disclosed in the above table, remunerations in the most recent year received by the directors of the companies in the financial report for their services (such as consultation for non-employees): N/A

Remuneration Grading Table

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Less than 1,000,000 (TWD, same below)	Princeton Healthcare Limited, Pei-Lin Lee, Yen-Hsin Investment Ltd., Yung-Shun Chuang, Tien-Ying Lee, Chun-Shung Huang, Gui-Duan Chen, Chang-Jian Ho, Geng-Wang Laiw	Same as on the left	Princeton Healthcare Limited, Yen-Hsin Investment Ltd., Yung-Shun Chuang, Chun-Shung Huang, Gui-Duan Chen, Chang-Jian Ho, Geng-Wang Laiw	Same as on the left
1,000,000 (incl)～2,000,000 (excl)	—	—	—	—
2,000,000 (incl)～3,500,000 (excl)			—	—
3,500,000 (incl)～5,000,000 (excl)			—	—
5,000,000 (incl)～10,000,000 (excl)	—	—	Tien-Ying Lee	Same as on the left
10,000,000 (incl)～15,000,000 (excl)	—	—	Pei-Lin Lee	Same as on the left
15,000,000 (incl)～30,000,000 (excl)	—	—	—	—
30,000,000 (incl)～50,000,000 (excl)	—	—	—	—
50,000,000 (incl)～100,000,000 (excl)	—	—	—	—
More than 100,000,000	—	—	—	—
Total	9 persons	Same as on the left	9 persons	Same as on the left

(II) Remunerations of General Manager and Vice Presidents, 2020

Unit: NT$ thousands; thousand shares; %

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Directors from an Invested Company other than the Company's Subsidiary or parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Pei-Lin, Lee	32,949	32,949	0	0	0	0	55	0	55	0	9.01	9.01	N/A
Vice President,	Tien-Ying, Lee (Note 1)													
CEO, Oncology Business Group	Yee-Min Jen													
COO	Ming-Lun Lee													
CFO	Yi-Chun Chen													

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying, Lee, was discharged on March 19, 2021.

Remuneration Grading Table

Gradation of remunerations paid to the Company's GM and Deputy GMs	Name	
	The Company	All the companies in the financial report (E)
Less than 1,000,000 (TWD, same below)	—	—
1,000,000 (incl.)～2,000,000 (excl.)	—	—
2,000,000 (incl.)～3,500,000 (excl.)	—	—
3,500,000 (incl.)～5,000,000 (excl.)	Yi-Chun Chen	Same as on the left
5,000,000 (incl.)～10,000,000 (excl.)	Tien-Ying Lee, Yee-Min Jen, Ming-Lun Lee	Same as on the left
10,000,000 (incl.)～15,000,000 (excl.)	Pei-Lin, Lee	Same as on the left
15,000,000 (incl.)～30,000,000 (excl.)	—	—
30,000,000 (incl.)～50,000,000 (excl.)	—	—
50,000,000 (incl.)～100,000,000 (excl.)	—	—
More than 100,000,000	—	—
Total	5 persons	Same as on the left

(III) Remunerations of managers, 2020

December 31, 2020 Unit: NT$ thousands; %

	Title	Name	Stock amount	Cash amount	Total	Ratio of the total to after-tax net profit (%)
Manager	General Manager	Pei-Lin Lee	0	55	55	0.02
	Vice President	Tien-Ying, Lee (Note 1)				
	CEO, Oncology Business Group	Yee-Min Jen				
	COO	Ming-Lun Lee				
	CFO	Yi-Chun Chen				

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

(IV) Analysis of the ratio of the total remunerations paid to the directors, supervisors, General Manager and Vice President by the Company and all the companies in the consolidated statements for the last two years to the after-tax net profit of the individuals or individual financial reports, and descriptions on the remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with the operating performance and future risks.

1.Analysis of the ratio of the total remunerations paid to the directors, supervisors, General Manager and Vice President s by the Company and all the companies in the consolidated statements for the last two years to the after-tax net profit of the individuals or individual financial reports

Year / Category	2019		2020	
	CHC	Consolidated	CHC	Consolidated
Ratio of total director remunerations to after-tax net profit	4.08%	4.08%	6.40%	6.40%
Ratio of total supervisor remunerations to after-tax net profit	0.00%	0.00%	0.00%	0.00%
Ratio of total General Manager and Vice President remunerations to after -tax net profit	6.39%	6.39%	9.01%	9.01%

1. The remuneration to directors was allocated in accordance with the Articles of Incorporation and in reference to the Board of Directors' performance evaluation results. The increase in the ratio is mainly a result of the decrease in after-tax net profit in 2020 from 2019.
2. Supervisor remunerations: It is not applicable because the function and power of the supervisor is replaced by the Audit Committee established after the 2017 election of director.
3. General Manager and Vice President remunerations: The increase in the ratio in 2020 from 2019 is mainly a result of the addition of remuneration to Vice President Tien-Ying Lee, as evaluated and calculated according to the Company's "Managers' performance evaluation and remuneration standard," in consideration of the Company's overall operating performance growth in 2020.

2. Remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with operating performance and future risks.

(1) Remuneration policy, standard and the procedure of combining and setting the remunerations, and their correlation with operating performance:

According to the first paragraph of Article 24.1 of the Corporate Charter, an amount of no more than 5% from the balance, if any, as result of the yearly profit (i.e. pre-tax profit minus remunerations to employees and directors) minus accumulated loss, should

be allocated as director remunerations. A rational remuneration shall be given in consideration of the Company's operating results and the director's contribution to the Company, and the performance evaluation of the Board of Directors and functional committees has been reviewed by the Remuneration Committee; also based on the managers' yearly and long-term performance goal as well as the remuneration policy, system, standard and structure, whereas the Company's "Manager performance evaluation and remuneration standard" and the "Performance Evaluation Guidelines" were taken as the basis in reference to the overall corporate performance, future industrial risks and development trends, and in reference to the individual performance achievement rate and contribution to the corporate performance as a whole, so as to conclude these reasonable remunerations. The relevant performance evaluation and remuneration reasonableness were reviewed by the Compensation committee and the Board, while the remuneration system will be discussed and adapted from time to time based on the actual operational conditions and related laws and regulations, in order to balance the Company's sustainable operations and risk control.

(2) Future risks: The Company has been stably running in the industry for over 40 years, with little changes of the directors, supervisors and business team. Also, The Company purchases liability insurance for its employees based on its business scope and legal requirement, so as to alleviate unknown risks.

IV. Implementation of Corporate Governance

(1) Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period (2020). The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%)【B/A】	Remark
Representative of juristic-person director, Chairman	Princeton Healthcare Limited Representative: Pei-Lin Lee	6	0	100%	
Vice Chairman	Tien-Ying Lee	6	0	100%	
Director	Chun-Shung Huang	6	0	100%	
Representative of juristic-person director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	6	0	100%	
Independent director	Gui-Duan Chen	6	0	100%	
Independent director	Chang-Jian Ho	6	0	100%	
Independent director	Geng-Wang Laiw	6	0	100%	

Other matters documented:

1. If a Board meeting has one of the following incidents, the date, term, and agenda of the meeting as well as the comments from independent directors and handling of the comments should be explicitly stated:

   (1) Matters listed in Article 14.3 of the Securities and Exchange Act

Date	Term	Agenda	Comments from independent directors	Handling of the comments
March 23, 2020	16th meeting of 5th Board	1. Proposal of private placement of ordinary shares. 2. Proposal of loans to affiliates. 3. Proposal of endorsements for affiliates. 4. Proposal of termination of non-competition restriction on the Company's senior management. 5. Proposal of sterilization facility construction project of the subsidiary Shin-Ho Instruments Co., Ltd.	Concurrence	Case passed
May 6, 2020	17th meeting of 5th Board	1. Proposal of loans to affiliates. 2. Proposal of acquisition of the right-of-use assets from the subsidiary Chiu Ho Medical System Co., Ltd.	Concurrence	Case passed
June 2, 2020	18th meeting of 5th Board	Proposal of issuance of domestic 4th secured convertible corporate bonds.	Concurrence	Case passed
August 5, 2020	2nd meeting of 6th Board	1. Proposal of resolution on remuneration to 5th Compensation Committee members. 2. Proposal of resolution on remuneration to 2nd Audit Committee members. 3. Proposal of loans to affiliates. 4. Proposal of endorsements for affiliates.	Concurrence	Case passed
November 4, 2020	3rd meeting of 6th Board	1. Proposal of loans to affiliates. 2. Proposal of endorsements for affiliates. 3. Proposal of reinvestment for 100% holding of the subsidiary. 4. Proposal of provision of remuneration to directors and employees 2020. 5. Proposal of review on remuneration to the Company's new Chairman and Vice Chairman. 6. Proposal of resolution on remuneration to 1st Corporate Social Responsibility Committee members.	Concurrence	Case passed

   (2) Except for the above incidents, any objections or qualified opinions from independent directors that are officially documented or in written statement as the meeting resolution: N/A

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Name	Agenda	Reason for avoidance	Voting participation
March 23, 2020	Tien-Ying Lee	Proposal of termination of non-competition restriction on the Company's senior management	The party concerned	Not taking the vote

August 5, 2020	Gui-Duan Chen/Chang-Jian Ho/Geng-Wang Laiw	Proposal of resolution on remuneration to 5th Compensation Committee members	The party concerned	Not taking the vote
August 5, 2020	Gui-Duan Chen/Chang-Jian Ho/Geng-Wang Laiw	Proposal of resolution on remuneration to 2nd Audit Committee members	The party concerned	Not taking the vote
November 4, 2020	Pei-Ling Lee/Tien-Ying Lee	Proposal of review on remuneration to the Company's new Chairman and Vice Chairman	The party concerned	Not taking the vote
November 4, 2020	Gui-Duan Chen/Chang-Jian Ho/Geng-Wang Laiw	Proposal of resolution on remuneration to 1st Corporate Social Responsibility Committee members	The party concerned	Not taking the vote

3. The TWSE/TPEx listed company shall disclose the appraisal cycle and period, scope of appraisal, method and contents of appraisal about the Board of Directors' self (or peer) performance appraisal.

Status of appraisal on the Board of Director:

Appraisal Period	Appraisal Cycle	Appraisal Scope	Appraisal Method	Appraisal Contents
Once per Year	January 1, 2020–December 31, 2020	Board of Directors	Self-evaluation of the Board of Directors	Degree of engagement in the Company's operation, quality of the Board of Directors' decision making, formation and structure of the Board of Directors, election and continuing education of directors, and internal control.
Once per Year	January 1, 2020–December 31, 2020	Individual Board Member	Self-evaluation of Board Member	Alignment with the Company's goals and mission, awareness toward directors' responsibilities and duties, degree of engagement in the Company's operation, management of internal relations and communication, expertise and continuing education of directors, and internal control.
Once per Year	January 1, 2020–December 31, 2020	Functional committees	Self-evaluation of Board Member	Degree of engagement in the Company's operation, awareness toward functional committees' responsibilities and duties, quality of the functional committees' decision making, formation of the functional committees and election of members, and internal control.

4. The goal of enhancing the Board functions (e.g. setup of Audit Committee, improvement of information transparency) and its implementation of the current year and the most recent year.

(1) Enhancing the Board functions

The Company has already established 3 independent directors - Mr. Gui-Duan Chen, Mr. Chang-Jian Ho, and Mr. Geng-Wang Laiw, who attended 100% of the Board meetings in 2020, and with their industrial knowledge, accounting and financial expertise, provided good suggestions concerning the internal control system as well as the business and finance related matters.

The Company has also established the Compensation Committee and Audit Committee, and purchased the liability insurance for all the directors, so as to enhance the

corporate governance. In addition, the Company also arranges Board-related refresher programs for the directors so as to improve the professional capability of the Board.

(2) Improving information transparency

To fulfill the essence of corporate governance and improve the information transparency, the Company is committed to disclosing the operation and financial information on the annual report, corporate website and TSE Market Observation Post System (MOPS), and has established spokesperson mechanism, to ensure major information can be timely and appropriately disclosed, for the reference by shareholders and stakeholders.

5. Independent directors' attendance of Board meeting in 2020 (personal, entrusted attendance, non-attendance)

Name	16th meeting of 5th Board	17th meeting of 5th Board	18th meeting of 5th Board	1st meeting of 6th Board	2nd meeting of 6th Board	3rd meeting of 6th Board
Gui-Duan Chen	Personal	Personal	Personal	Personal	Personal	Personal
Chang-Jian Ho	Personal	Personal	Personal	Personal	Personal	Personal
Geng-Wang Laiw	Personal	Personal	Entrusted	Personal	Personal	Personal

(2) Audit Committee

A total of 5 (A) Audit Committee meetings were held in the previous period (2020). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) 【B/A】	Remark
Independent directors (Convener)	Gui-Duan Chen	5	0	100%	
Independent directors	Chang-Jian Ho	5	0	100%	
Independent directors	Geng-Wang Laiw	5	0	100%	

Other matters documented:

1. Annual focus of the Audit Committee

According to Article 3 of the "Audit Committee Charter", the committee is mainly to supervise the following matters:

1. Fair presentation of the corporate financial statements.
2. Appointment (dismissal) of CPA and its independence and performance.
3. Effective implementation of internal control system.
4. Corporate compliance with relevant laws and regulations.
5. Control of existing and potential risks.

Summary of 2020 work focus:

1. Evaluation of internal control effectiveness.
2. Review of major asset transactions.
3. Review of major loans, endorsement and guarantee.
4. Review of public and private raising and issuance of securities with equity nature.
5. Review of annual and quarterly financial reports.

2. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion

should be specified.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Date	Term	Agenda	Committee resolution	Handling of the Company's opinions on the committe
March 23, 2020	16th meeting of 5th Board	1.Report on the Company's 2019 parent company only financial report and consolidated financial reports. 2.Proposal of private placement of ordinary shares. 3.Proposal of loans to affiliates. 4.Proposal of endorsements for affiliates. 5.Proposal of sterilization factory construction project of the subsidiary Shin-Ho Instruments Co., Ltd.	Concurrence	Case passed
May 6, 2020	17th meeting of 5th Board	1.Proposal of loans to affiliates. 2.Proposal of acquisition of the right-of-use assets from the subsidiary Chiu Ho Medical System Co., Ltd.	Concurrence	Case passed
June 2, 2020	18th meeting of 5th Board	Proposal of issuance of 4th domestic secured convertible corporate bonds.	Concurrence	Case passed
August 5, 2020	2nd meeting of 6th Board	1.Proposal of loans to affiliates. 2.Proposal of endorsements for affiliates.	Concurrence	Case passed
November 4, 2020	3rd meeting of 6th Board	1.Proposal of loans to affiliates. 2.Proposal of endorsements for affiliates. 3.Proposal of reinvestment for 100% holding of the subsidiary.	Concurrence	Case passed

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: N/A

3. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: N/A

4. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.).

(1) Independent directors' communication with internal audit supervisors:

Date	Approach	Issue	Result
March 23, 2020	Audit Committee	2019 Q4 internal audit report	Internal audit report approved, and presented by the Audit Head at the Board meeting.
May 6, 2020	Audit Committee	2020 Q1 internal audit report	Internal audit report approved, and presented by the Audit Head at the Board meeting.
August 5, 2020	Audit Committee	2020 Q2 internal audit report	Internal audit report approved, and presented by the Audit Head at the Board meeting.
November 4, 2020	Audit Committee	1. 2020 Q3 internal audit report 2. 2021 internal audit plan	1.Internal audit report approved, and presented by the Audit Head at the Board meeting. 2.Annual audit plan approved and submitted to the Board for resolution.

(2) Independent directors' communication with CPA

Date	Approach	Issue	Result
March 23, 2020	Audit Committee	1. CPA presented the 2019 audit results to the independent directors and explained the interaction with the governing units. 2. CPA answered the questions raised in the meeting and discussed with the attendees.	Concurrence with the CPA audit conclusions and the 2019 individual and consolidated financial statements, which were then submitted to the Board for review.
May 6, 2020	Audit Committee	1. CPA presentation on 2020 Q1 consolidated financial report to independent directors. 2. CPA answered the questions raised in the meeting and discussed with the attendees.	CPA audit conclusion and 2020 Q1 consolidated financial report approved, and submitted to the Board.
August 5, 2020	Audit Committee	1. CPA presentation on 2020 Q2 consolidated financial report to independent directors. 2. CPA answered the questions raised in the meeting and discussed with the attendees.	CPA audit conclusion and 2020 Q2 consolidated financial report approved, and submitted to the Board.
November 4, 2020	Audit Committee	1. CPA presentation on 2020 Q3 consolidated financial report to independent directors. 2. CPA presentation on 2020 auditing stages to independent directors and communication with governing units. 3. CPA answered the questions raised in the meeting and discussed with the attendees.	1. CPA audit conclusion and 2020 Q3 consolidated financial report approved, and submitted to the Board. 2. CPA proposed key audit items in the auditing stages approved, and discussion of the audit conclusion and financial report is scheduled for March next year.

(3) Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company formulate and disclose the Corporate Governance Best-Practice Principles based on Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated "Corporate Governance Best-Practice Principles" approved by Board resolution and disclosed on the Company's website and the MOPS.	No major discrepancy
2. The Company's shareholding structure and shareholders' equity				
(1) Does the Company formulate internal procedure to deal with shareholders' suggestions, doubts, disputes and litigation?		✓	The Company convenes shareholders' meetings to answer questions from shareholders face-to-face. At other times, there are spokespersons, acting spokespersons and President office investor relations unit to deal with shareholder issues or suggestions.	No major discrepancy
(2) Does the Company have a list of the key shareholders who actually control the Company and the ultimate controllers of the key shareholders?	✓		The Company has dedicated stock affair specialist to deal with the issues listed on the left and has entrusted the China Trust Commercial Bank to handle share-related matters, and is able to hold on to the key shareholders who actual control the Company and the ultimate controllers of the key shareholders.	No major discrepancy
(3) Does the Company establish and execute the risk control and firewall mechanism with affiliates?	✓		The assets and finances between the Company and its affiliates are clearly defined and independent from each other, and the regulations of "Supervision and Governance of Subsidiaries", "Regulations Governing the Financial Operations of Affiliates, Related Parties, Specific Companies and the Group", "Procedures for Acquisition and Disposal of Assets", "Procedures of Endorsement Guarantee", "Procedures of Lending to Others" and "The Group Internal Transfer Pricing policy" are enacted to sufficiently implement risk control and firewall mechanism between the Company and its affiliates.	No major discrepancy
(4) Does the Company formulate internal regulations to prohibit internal staff from using unpublished information on the market for security transactions?	✓		In order to protect the shareholder equality and safeguard the fairness of the securities trading market, the Company has established the "Regulations Governing to Process Critical Internal Information and Prevent Internal Transactions", which has been approved by the Board and disclosed on the Company's website.	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>3. Composition and duties of the Board
(1) Does the Board formulate the policy of diversified board members and implement it?</td><td>✓</td><td></td><td>The Company has formulated the “Code of Practice for Corporate Governance” which has been approved by the Board and implemented to organize a diversified Board member structure. The Board has seven seats, of which three are for independent directors. Since the Company is engaged in the medical business, there are five directors with medical background, one with financial background and one with medical IT background. The Board member structure meets the needs for corporate development and makes the Board effectively functional. The company also lays emphasis on the gender equality of the members of the Board. However, since it is not easy to find female directors to join in the medical industry, the Company will therefore strive to find female directors who meet the Company's industrial and professional needs. A female director is expected to be added to the 7th Board of Directors to achieve the goal. Diversified Board member structure:</td><td>No major discrepancy</td></tr>
<tr><td colspan="5"><table>
<tr><th>Diversification / Director Name</th><th>Sex</th><th>Operational judgment</th><th>Accounting and financial analysis</th><th>Management</th><th>Crisis handling</th><th>Industrial knowledge</th><th>International vision</th><th>Leadership</th><th>Decision making</th></tr>
<tr><td>Princeton Healthcare Limited Representative:Pei-Lin Lee</td><td>M</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Tien-Ying Lee</td><td>M</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Chun-Shung Huang</td><td>M</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang</td><td>M</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Gui-Duan Chen</td><td>M</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Chang-Jian Ho</td><td>M</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Geng-Wang Laiw</td><td>M</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table></td></tr>
<tr><td>(2) In addition to the Compensation Committee and Audit Committee as required by the laws, will the Company voluntarily set up other functional committees?</td><td>✓</td><td></td><td>In order to enhance the corporate governance level and improve the performance of the Company’s Board of Directors, the 1st “CSR Committee” was established upon approval of the Board of Directors on November 4, 2020. Therefore, the “CSR Committee” in the form of task group was officially promoted as the CSR Committee of the Board of Directors.</td><td>No major discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company formulate the method for evaluation of the Board performance and implement it on an annual basis, and report the result of evaluation to the Board of Directors and apply it as reference for the remuneration and nomination of individual director?	✓		The March 24, 2016 Board resolution approved the "Board Performance Evaluation" for the internal evaluation annually by the Board meeting at the end of the year, while the external evaluation by an independent agency or professionals should be given at least once in every three years, along with the annual evaluation of the year. In January 2020, all directors and all functional committee members will conduct self-evaluation of the performance of the 2019 Board of Directors and functional committees through self-evaluation. In addition to the self-evaluation questionnaire, reference was made to the attendance of all board members and functional committee members in 2019 (all members' attendance rate was 100%). It is fully proved that all board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committee. Therefore, the evaluation result is that all board members and functional committee members are excellent. In January 2021, all directors and all functional committee members will conduct self-evaluation of the performance of the 2020 Board of Directors and functional committees through self-evaluation. In addition to the self-evaluation questionnaire, reference was made to the attendance of all board members and functional committee members in 2020 (all members' attendance rate was 100%). It is fully proved that all board members and functional committee members are actively participating in the operations of the Board of Directors and the functional committee. Therefore, the evaluation result is that all board members and functional committee members are excellent. The implementation of the above assessment was submitted to the Compensation Committee for approval and reported to the Board of Directors on March 19, 2021.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(4) Does the Company regularly evaluate the CPA independence?	✓		The company evaluates the CPA independence at the end of each year by the Board based on the 11 independence indicators (including independent appointment; CPA communication with managing levels and related parties, and presenting reports). And the CPA presents a written statement of independent practice along with the questionnaire to the Board for review. On November 04, 2020, the Board approved the 2020 CPA independence evaluation. The CPA evaluation questionnaire is shown on Page 42 of this document.	No major discrepancy
4. Is the Company being publicly listed equipped with dedicated or appropriate number of persons to deal with issues regarding corporate governance (including but not limited to providing information required by the directors and supervisors, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with laws, and making minutes of board meetings and shareholders' meetings, etc.)?	✓		The Company has the Finance/Accounting Department as an adjunct unit for the corporate governance, where Yi-Chun Chen, the CFO assumes the head of corporate governance, safeguarding shareholders' rights and strengthening the Board functions. She has more than three years of experiences in finance, stock affairs and relevant proceedings. The main duties of corporate governance are providing information required by the directors to conduct business, assisting the directors with legal compliance, handling corporate registration and change of registration, preparing agenda and producing minutes of Board meetings and shareholders' meetings, and arranging refresher programs for the directors. The 2020 operations were submitted to the Board on March 19, 2021, listed as follows: 1. Notifying the Board members of any amendments to the latest laws & regulations related to the Company's business lines and corporate governance periodically. 2. Assist in arranging the communication meeting between independent directors and chief internal auditor and CPAs to help the independent directors better understand the Company's business, finance and internal controls. 3. Arrange the continuing education programs for independent directors and the other directors. (1) Already arrange the trainer to teach on site, and attended by all directors on August 5, 2020. (2) All directors have completed the continuing education program	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			persisting for six hours by the end of the year. 4. Report to the Board, independent directors and Audit Committee on the status of corporate governance, and make sure the shareholders' meetings and Board meetings are convened in compliance with the laws and the corporate governance best-practice principles. 5. Compiling the resolutions of Board meetings and publishing them accordingly, to ensure the legality and correctness of key messages, for the equality of trading information that investors rely on. 6. Notification to the Board members 7 days prior to the Board meeting along with the agenda prepared, and reminding the members of any conflict of interest avoidance in advance, and producing the meeting minutes within 20 days after the meeting. 7. Execution of the annual board evaluation based on the "Board Performance Evaluation Regulations" to fulfill the corporate governance. The external evaluation by an independent agency or professionals should be given at least once in every three years, along with the annual evaluation of the year. The implementation of 2019 self-evaluation of the Board and functional committees performed in January 2020 has been reported to and passed by the Remuneration Committee on March 23, 2020, and then submitted to the Board of Directors. 8. Record the date of shareholders' meeting by the statutory due date; produce and report the meeting advice, parliamentary handbook and minute by the prescribed due date; and complete the registration of changes in company registration entries upon amendments to the Articles of Incorporation or upon reelection of directors. 9. For investor relations: planning to arrange two investors' meetings each year to communicate and exchange ideas with institutional investors or general shareholders, so that investors can obtain sufficient information to evaluate the Company's reasonable value in the capital market for the protection of the shareholders' rights. The Company convened a total of two investors' meetings in 2020. 10. The Company has taken out liability insurance for the directors and managers to alleviate major damages to the Company and	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>shareholders due to business negligence.
The chief corporate governance officer, Yi-Chun Chen, has attended the following continuing education program in 2020:
<table><tr><th>Date</th><th>Program Name</th><th>Hours</th></tr><tr><td>August 5, 2020</td><td>Business Merger & Acquisition Practices and Case Study</td><td>3</td></tr><tr><td>October 13, 2020</td><td>Preparation of Annual Budget Based on Policy of Open Source and Saving Money, and Notes Thereof</td><td>6</td></tr><tr><td>October 16, 2020</td><td>2020 Corporate Governance and Ethical Corporate Management Policy Announcement Meeting for Directors/Supervisors</td><td>3</td></tr><tr><td>December 16, 2020</td><td>Study on Case of Corruption in Corporate Financial Statements</td><td>3</td></tr></table></td><td></td></tr>
<tr><td>5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?</td><td>✓</td><td></td><td>The Company recognizes that good relationship with the stakeholders is the foundation of corporate growth, and the “Corporate Social Responsibility (CSR) Committee” defines the stakeholders based on the GRI Glossary and identifies the objects covered in the unit operations, and concludes the following four categories of stakeholders: customers, suppliers, investors, and employees. The Company has set up the “Stakeholders’ Section” on its official website to list the corresponding contact person for different stakeholders, in hopes of accurately holding on to stakeholders’ expectations for the Company and properly responding to their concerns. Meanwhile, the Company’s CSR Committee will report the status of communication with various stakeholders to the Board of Directors periodically, hoping to have the stakeholder interests be further valued and protected.</td><td>No major discrepancy</td></tr>
<tr><td>6. Does the Company consign a professional agency to handle the affairs of shareholders’ meetings?</td><td>✓</td><td></td><td>The Company has assigned Chinatrust Commercial Bank Stock Agency to handle the affairs of shareholders’ meetings.</td><td>No major discrepancy</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
7. Information disclosure				
(1) Does the Company set up a website to disclose the financial and governance information?	✓		The Company's financial and corporate governance information is published on the MOPS as required by the competent authorities, and disclosed on the corporate website as well.	No major discrepancy
(2) Does the Company takes other disclosure approaches (e.g. English website, dedicated staff for information collection and disclosure, spokesperson mechanism, publishing briefings for corporate investors on the corporate website)?	✓		The Company designates dedicated staff to maintain, collect and disclose the corporate information. The Company's financial and business information is announced through a single channel by the corporate spokesperson, acting spokesperson or investor relations to ensure the implementation of spokesperson mechanism. The information about investors' meetings convened from time to time is also published as required by the competent authorities and published on the investors section of the Company's official website in Chinese and English for the reference by the public.	No major discrepancy
(3) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation early within the prescribed time limit?		✓	The Company announces annual financial reports and declares the financial reports for the first, second, and third quarters as well as the operating conditions for each month in accordance with the provisions of the "Securities Exchange Act".	The Company made an early announcement and declaration when declaring the financial report for the first quarter of 2020.
8. Does the Company provide other major information conducive to the understanding of the corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, refresher programs for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, liability insurance for the directors and supervisors)?	✓		(1) Employee rights and care: The Company attaches great importance to the employee interests by having established an Employee Welfare Committee to promote various welfare measures and activities; implemented a pension system; encouraged employees to participate in various training; provided labor insurance, national health insurance and group insurance. (2) Investor relations: The Company publishes financial and business information as required by the statutory regulations to protect the rights of investors and fulfill the responsibility to shareholders. (3) Supplier relations: The Company maintains a good communication channel with suppliers for smooth interaction. (4) Stakeholder rights: The stakeholders have access to dialogue with us for communication and suggestions so as to protect their legal rights.	No major discrepancy

Evaluation Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(5) Refresher programs for directors (2020) are shown on Page 43. (6) Implementation of risk management policies and risk measurement standards: The Company is focused on its dedicated business, and complies with relevant laws and regulations to set up corresponding policies and standards for implementation, so as to minimize any possible risks. (7) Implementation of customer policies: The Company actively handles customer complaints and appropriately indentifies the causes and responsibility attribution, to ensure customer satisfaction. (8) Liability insurance for directors: The Company has procured liability insurance for the directors to alleviate major damages to the Company and directors due to business negligence.	
9. Concerning the results of the recent corporate governance evaluations released by the TWSE Corporate Governance Center (CGC), explain improvement that has been done, and issues yet to be dealt with for improvement. Based on the results of the 6th Corporate Governance Assessment released in April, 2020, the improvements that have been done and yet to be done are shown on Page 41.				

The results of the corporate governance review of the most recent year

According to the results of the 6th (2019) corporate governance evaluation released by the TWSE CGC in April 2020, the Company was ranked the top 6% to 20% of all listed companies. Based on the evaluation indicators, the following table highlights the improvements to the indicators identified in the 6th (2019) corporate governance evaluation that have been done and the measures to take for issues yet to be dealt with:

(1) Improvements that have been done	
Indicators	**Improvements**
Does the Articles of Incorporation stipulate that all director/supervisor elections adopt a candidate nomination system, and in case of an election for directors and supervisors, disclose in detail the nomination review standards and operational procedures on the MOPS?	The Company has passed the amendments to the Articles of Incorporation at the 2019 Shareholders' Meeting.
Does the Company upload the English version of the annual report 7 days before the Shareholders' Meeting?	The Company had uploaded the English version of the annual report to the MOPS prior to the 2019 Shareholders' Meeting.
Does the Company's website or MOPS disclose the annual financial report (including financial statements and notes thereto) in English?	The Company had uploaded the English version of the annual financial report (including financial statements and notes) to the MOPS prior to the 2019 Shareholdings' Meeting.
(2) Measures to take for issues to be dealt with	
Indicators	**Measures to take**
Does the Company document the affirmative, opposing and abstention votes on the proposals in the meeting minutes, and input the result into the designated Internet information reporting website on the day of the annual general meeting?	The Company had reported the same the MOPS on the same day after the 2020 Shareholdings' Meeting.
Does the Company formulate the policy of diversified board members and disclose the implementation thereof on the Company's official website and in the Company's annual report?	The Company has disclosed the implementation of the policy of diversified board members on the Company's official website and in the Company's 2019 annual report.
Does the Company establish any functional committee other than the committees required by laws, which shall consist of no less than 3 members, including the independent directors who shall account for a majority of the functional committee members? If it does, please disclose the composition, responsibilities and functionality of the functional committee.	The Company has established some functional committee other than the committees required by laws in 2020, namely the 1st CSR Committee consisting of three independent directors. The composition, responsibilities and functionality of such committee was also disclosed on the Company's official website.
Does the Company convene at least six Board meetings in the evaluated year?	The Company has convened a total of six Board meetings in 2020.
Does the Company's annual report disclose the connection between directors' performance evaluation and compensation policies.	It has already been disclosed in the Company's 2019 annual report.

According to the results of the 7th (2020) corporate governance evaluation released by the TWSE CGC in April 2021, the Company was ranked the top 6% to 20% of all listed companies. The sector of market value between NTD 5 billion to 10 billion, the Company was ranked the top 6% to 10% of TWSE- and TPEx-listed companies.

CPA independence evaluation questionnaire

Professionalism & Independence	Yes	No	Description
1. Does the CPA take an absolutely independent stand when carrying out the internal control check and financial statements certification for the Company?	✓		
2. Is the CPA equipped with adequate and appropriate professional capability and experience to effectively carry out the above jobs?	✓		
3. Does the CPA comply with the Norm of Professional Ethics for CPA and have no direct or indirect interest in the Company which may affect its independence?	✓		
4. Does the CPA timely communicate with the Company's directors, supervisors, managers and related parties?	✓		
5. Does the CPA do due diligence to provide the Company with full and correct services and/or suggestions?	✓		
6. Is the CPA not a director or independent director of the Company or its affiliates?	✓		
7. Is the CPA not a shareholder of the Company or its affiliates?	✓		
8. Is the CPA not on the payroll list of the Company or its affiliates?	✓		
9. Is the CPA doing the auditing service for the Company not for the seventh consecutive year?	✓		
10. Does the CPA confirm that his PWC accounting firm is compliant to the norm of independence?	✓		
11. Is the joint-practice CPA at PWC not taking any of the Company's job positions as a director, manager or others that may significantly affect the audit operations, within a year after resigning from auditing the Company?	✓		

Director refresher programs 2020

Title	Name	Date	Program name	Hours
Representative of juristic-person director	Yung-Shun, Chuang	February 25, 2020	Digital Enablement – Practicing and Guiding Cases of Enterprises' Innovative Outsourcing Model	3
Representative of juristic-person director	Yung-Shun, Chuang	March 16, 2020	Oriental Leader Forum – Talk About Environmental Protection in Taiwan	2
Representative of juristic-person director	Yung-Shun, Chuang	April 6, 2020	Patent War	3
Independent Director	Gui-Duan Chen	April 8, 2020	Directions for Profit-Seeking Business Tax Return, and Questions	3
Representative of juristic-person director	Pei-Ling Lee	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Vice Chairman	Tien-Ying Lee	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Independent Director	Gui-Duan Chen	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Independent Director	Geng-Wang Laiw	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Independent Director	Chang-Jian Ho	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Representative of juristic-person director	Yung-Shun, Chuang	August 5, 2020	Business Merger & Acquisition Practices and Case Study	2
Director	Chun-Shung Huang	August 5, 2020	Business Merger & Acquisition Practices and Case Study	3
Independent Director	Gui-Duan Chen	August 6, 2020	Observe HR Strategies from Directors'/Supervisors' Point of View	3
Independent Director	Gui-Duan Chen	August 6, 2020	How Directors/Supervisors Do Good Job in Corporate Risk Management and Crisis Handling	3
Independent Director	Geng-Wang Laiw	September 30, 2020	2020 Insider Trading Prevention and Share Transfers by Insiders Presentation Conference	3
Director	Chun-Shung Huang	October 14, 2020	2020 Insider Trading Prevention and Share Transfers by Insiders Presentation Conference	3
Independent Director	Chang-Jian Ho	October 14, 2020	2020 Insider Trading Prevention and Share Transfers by Insiders Presentation Conference	3
Representative of juristic-person director	Pei-Ling Lee	October 16, 2020	"2020 Corporate Governance and Ethical Corporate Management Policy Announcement Meeting for Directors/Supervisors"	3
Vice Chairman	Tien-Ying Lee	December 21, 2020	【Study on Anti-Money and Countering of Terrorism Financing Practices】– Advanced Conference for Practices About Directors and Supervisors (including independent directors) and Chief Corporate Governance Officers	3

(4) The structure, duties and operations of Compensation Committee, if established, should be disclosed

1. Compensation Committee member profile

Identify (Note 1)	Criteria / Name	With more than 5 years of work experience and following professional qualification			Independence compliance (Note 2)										The number of Compensation Committee of other publicly listed companies that this Compensation Committee member concurrently works for	Remark
		College lecture or higher teaching positions on commerce, legal, finance, accounting, or business related courses	Judge, prosecutor, lawyer, accountant or business related professional and technician certified by national examinations	Work experience required for business, legal, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10		
Independent director	Gui-Duan Chen	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent director	Chang-Jian Ho		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent director	Geng-Wang Laiw		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Fill “Director”, “Independent director” or “Others” in the [Identity] column.

Note 2: For the committee member conformable to the following criteria two years prior to the appointment and during the term of service, tick “✓”in the correspondingly numbered fields.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings, or any of its affiliates, or who is appointed as the Company's director or supervisor in accordance with Article 1 or Article 2 of the Company Law. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(6) Not a director of the Company or a director, supervisor or employee of any other company of which more than 50% of the voting shares are controlled by the some one person. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(7) Not a director, supervisor or employee who is concurrently the Chairman, General Manager or their spouse. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. Not applicable in cases where a particular company or institution holds 20% or more (no more than 50%) of the Company’s shares, and the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(9) Not a commercial, legal, financial or accounting professional or a owner, partner, director, supervisor, manager or their spouse of a sole proprietorship, partnership, or corporate institution that provides the Company and its affiliates with auditing services or has a cumulative income of no more than NT$ 500 thousand in the last two years. However, it is not applicable to the members of the Compensation Committee, the Public Acquisition Review Committee, or Mergers and Acquisitions Special Committee performing their duties in accordance with the relevant laws and regulations of the Securities Exchange Act or the Business Mergers Acquisitions Act.

(10) Not been a person of any conditions defined in Article 30 of the Company Law.

2. The operations

(1) There are three seats in the Compensation Committee.

(2) The sessions: June 12, 2020 thru June 11, 2023. The committee meetings were given twice (A) in 2020, and the attendance is as follows:

Title	Name	Number of personal attendance (B)	Number of entrusted attendance	Attendance rate (%) (B/A)	Remark
Convener	Geng-Wang, Laiw	2	0	100%	—
Member	Chang-Jian, Ho	2	0	100%	—
Member	Gui-Duan, Chen	2	0	100%	—

Other matters documented:

1. If the Board does not accept or revise the proposals suggested by the Compensation Committee, the date of Board meeting, session number, content of proposal along with corresponding resolution and handling should be explicitly stated (if the remunerations approved by the Board are higher than the Committee suggested, the discrepancy and causes should be explicitly stated): No such occurrence. Please see the following table.
2. If the resolution of the Compensation Committee is opposed or with qualified opinions that are documented or in written statement, the date of Compensation Committee meeting, session number, content of proposal, opinions, and handling should be explicitly stated: No such occurrence. Please see the following table.

Date of meeting	Session	Proposal	Resolution	Propoal handling by the Company
March 23, 2020	7th meeting of 4th Session	1. Proposal of distribution of remuneration to employees and directors 2019. 2. Report on the Board of Directors performance evaluation result. 3. Review on the Company's existing regulations governing distribution of remuneration to employees. 4. Proposal of the amendments to existing Compensation Committee Charter. 5. Review on distribution of year-end bonuses to managers 2019.	Unanimous concurrence by the Committee	Unanimous concurrence by the Board
November 4, 2020	1st meeting of 5th Session	1. Proposal of election of convener and chairperson of the meeting. 2. Proposal of the amendments to existing Compensation Committee Charter. 3. Proposal of provision of remuneration to directors and employees 2020. 4. Proposal of review on remuneration to the Company's new Chairman and Vice Chairman. 5. Annual work plan of Compensation Committee 2021.	Unanimous concurrence by the Committee	Unanimous concurrence by the Board

(5) Corporate Social Responsibility Status and Deviations from " Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations and formulate corresponding risk management policies or strategies based on the materiality principle? (The materiality principle refers to those who have a significant impact on the Company's investors and other stakeholders with regard to environmental, social and corporate governance issues.)	✓		The Company has established the Audit Committee, Remuneration Committee, CSR Committee and Risk Management Committee (task group), and has formulated the "Risk Management Policy and Procedure" which was passed on the Shareholders' Meeting on May 6, 2020. Meanwhile, the Company conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations which serves as a reference for the Company's risk management and operational decision-making. In terms of environment, although the Group is not a manufacturing company, it is also committed to environmental protection. It implements internal energy management in the office and responds to the government's energy conservation and carbon reduction policies. It requires domestic suppliers to sign environmental protection related statements, and strengthens the promotion of green suppliers. In terms of society, the Company focuses on product safety. All foreign suppliers from which the Group purchases are internationally renowned medical equipment manufacturers. In addition to complying with the laws and regulations of the brand and the location of the manufacturer, the products must also obtain ISO13485 medical device quality management system certification. In terms of corporate governance, it actively promotes and improves corporate governance, follows laws and regulations, properly responds to important issues of concern to stakeholders, fulfills corporate social responsibilities, implements internal control mechanisms, and ensures that all personnel of the Company comply with relevant laws and regulations.	No major discrepancy

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
II. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the Board?	✓		In order to enhance the corporate governance level and improve the effectiveness of the Company's Board of Directors, the 1st "CSR Committee" was established upon approval of the Board of Directors on November 4, 2020. Therefore, the "CSR Committee" in the form of task group was officially promoted as the functional committee of the Board of Directors, and the "Corporate Social Responsibility (CSR) Committee Charter" were established accordingly. The CSR Committee is responsible for preparing the annual CSR report, as well as planning and implementing the CSR related matters, reviewing the CSR policy, mechanism and management, and reporting the committee's operations and implementation, and the status of communication with CHC's various stakeholders regularly to the Board of Directors. For organization of CSR Committee, please see Page 56 hereof.	No major discrepancy
III. Environmental Problems				
(I) Does company set up environmental control mechanism based on its industrial characteristics?	✓		The company is located in the urban area of Taipei, where the waste disposal is handled in accordance with Regulations Governing Disposal and Recycling of General Waste. The Company has no factory, thus causing no violation of environmental protection regulations. In promoting environmental safety and health, promulgation of relevant regulations and concepts are given from time to time to enhance employees' awareness and reduce workplace risks.	No major discrepancy
(II) Does the Company endeavor for effective utilization of resources and use recyclable materials to reduce environmental impact?	✓		For better utilization of resources, energy conservation and carbon reduction programs are implemented, garbage classification is enforced and the site dedicated to collection of recyclable wastes is set up; the eco-friendly materials applied to mitigate the impact posed to environment are primarily the office papers, and toilet tissue. The Company continues to procure the recyclable paper bearing the FSC logo or Ministry of the Interior's environmental protection logo. Meanwhile, in order to reduce the paper consumption, the Company communicates to all workers that the paper may be double-side and reverse page copy and printing.	No major discrepancy
(III) Does the Company evaluate the potential risks and opportunities of climate change for the Company at present and in the future, and take measures to address climate-related issues?	✓		For detailed description, please refer to the "Environment Sustainability" sect in the CSR Report.	No major discrepancy

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	✓		At present, the climate change will not affect the business activities and development of CHC Healthcare Group, nor will it have a negative effect on its finance and business. Even so, the Company still looks forward to being able to fulfill its civic responsibilities for a sustainable environment and jointly protect our coexisting environment. And in recent years, the earth has indeed experienced more and more treacherous climate change, which has indeed become a common issue that all industries must face. The Company has discussed relevant strategies and measures in this regard. In addition to counting the annual carbon dioxide emissions in 2020, it will also add statistics on water consumption and total weight of waste in Taiwan and expect to set a short-, medium- and long-term environmental protection targets based on the results of 2020. For detailed description, please refer to the "Environment Sustainability" sect in the CSR Report.	No major discrepancy
IV. Social Problems (I) Does the Company establish social welfare policies and procedures according to relevant statutory regulations and the International Bill of Human Rights?	✓		In order to fulfill CSR and protect the basic human rights of all colleagues, clients and stakeholders, we strictly comply with the principles disclosed in the International Bill of Human Rights and respect internationally recognized basic human rights of labors, such as prohibiting child labor, eliminating employment and occupational discrimination. We establish relevant administration policies and procedures, and abide by the labor-related laws and regulations of the local competent authorities to protect the legitimate rights and interests of employees. The company's human rights policy has been disclosed on the company's website as follows: The company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the UN Global Compact and the ILO Declaration on Fundamental Principles and Rights at Work, and complies with local laws and regulations and endeavors to reduce human rights risks or alleviate the impact of human rights incidents through remedial measures. Principles of administration 1. Prohibiting any and all forms of discrimination. 2. Prohibiting forced labor and child labor. 3. Providing fair and reasonable salaries and work conditions. 4. Establishing safe, hygienic and healthy work environment. 5. Reviewing and evaluating relevant mechanisms regularly.	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(II)Does the Company formulate and implement reasonable employee welfare measures(including compensation, vacation and other benefits), and appropriately reflect the operating performance or results in employee compensation?</td><td>✓</td><td></td><td>The Company is committed to creating a worry-free work environment for employees, strives to improve the various systems, and provides good and comprehensive welfare measures, so that every employee and their families can enjoy a comfortable and pleasant life; also, enjoy the care and consideration of the Group.
1. Salary system:
The Company attracts outstanding talents and motivates employees based on a fair and competitive market-based compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results through the performance evaluation method developed by the Group; with an open and transparent promotion mechanism, it provides higher responsibilities and relatively better compensation and bonuses to drive the development of the organization.
In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance/ year-end bonuses released to individual employees in 2020 were equivalent to 3 months of salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company.
(1) Year-end bonuses: According to the Employee Performance Evaluation Guidelines, the Group releases yearly bonuses based on the overall profitability at the end of the year.
(2) Employee compensations: According to the Employee Compensation Distribution Guidelines, the annual surplus recognized by the Shareholders' Meeting is distributed to the employees of the Group.
(3) Allotment of shares: Depending on the overall operational needs of the Group, shareholding, seasoned equity offering, and stock options may be given according to relevant guidelines, formulated for employees to follow.
Salary adjustment:<table><tr><th>2019 average pay Adjustments</th><th>2020 average pay Adjustments</th><th>2021 average pay Adjustments</th></tr><tr><td>3.4%</td><td>2.5%</td><td>2.0%</td></tr></table></td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
			2. Merciful employee welfare system (1) Insurance plan: In accordance with the relevant law, the Group provides labor insurance and health insurance to each employee, so that they can be fully protected. In addition, the Group also plans a group insurance for employees starting from the date they report to duty, including life insurance, accident insurance, medical insurance and cancer insurance. If the employee is on a sabbatical leave due to a military service, major injury, or childbirth, he or she may continue to participate in the Group's group insurance, so that the protection can be continued. (2) Three festivals gift money: The Group distributed gifts to the three major Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, wishing colleagues a happy holiday. (3) Retirement system: According to the “Labor Standards Act,” a sound pension system and retirement-related measures are enacted. According to the “Labor Pensions Act,” an amount equivalent to 6% of the monthly salary is paid to the personal account with the Bureau of Labor Insurance, Ministry of Labor, and together with the Group’s sound financial structure to provide solid pensions appropriation and payment. (4) Health management: In addition to the fully subsidized health checkup for the new recruits, the Group regularly applies to the Bureau of Labor Insurance for occupational hazard inspections every year, covering general health checkups, special health checkups, etc., and handles annual health checkups for all employees once in every two years. (5) Staff dormitory: Considering the needs of short-term travel of employees and the safety and convenience of long-distance commuting employees, the Group has staff dormitory available to provide a comfortable living environment for employees who are traveling or in training.	

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td></td><td></td><td></td><td>(6) Employee Welfare Committee: The “CHC Healthcare Group Employee Welfare Committee” is established in accordance with the law to actively promote various employee welfare measures. Expenditures related to various employee benefits in 2019 and 2020 are as follows:
<table>
<tr><th>Year</th><th>Funeral subsidies</th><th>Medical subsidies</th><th>Marriage subsidies</th><th>Travel subsidies</th></tr>
<tr><td>2020</td><td>7,000</td><td>1,200</td><td>48,000</td><td>0</td></tr>
<tr><td>2019</td><td>0</td><td>9,300</td><td>24,000</td><td>1,609,007</td></tr>
<tr><th>Year</th><th>Birthday gifts</th><th>Maternity benefits</th><th>Advanced study subsidies</th><th>Three festivals gift money</th></tr>
<tr><td>2020</td><td>80,500</td><td>48,000</td><td>20,000</td><td>915,700</td></tr>
<tr><td>2019</td><td>74,500</td><td>32,000</td><td>23,400</td><td>217,000</td></tr>
</table>
3. Retirement system and its implementation
(1) For the work seniority before and after being subject to the “Labor Standards Act,” the pensions shall be calculated according to the pension standard as stipulated in Articles 84-2 and Article 55 of the Labor Standards Act.
(2) Choose to be subject to the pension plan as stipulated in the “Labor Standards Act” in accordance with the Labor Pension Act or reserve the work seniority accumulated before applying the Labor Pension Act to be paid according to the provision of the preceding paragraph.
(3) For employees who are subject to the pension plan as stipulated in the “Labor Standards Act” and who are forced to retire in accordance with Subparagraph 2, Paragraph 1 of Article 35, if their mental disability or physical disability is caused by the execution of their duties, they are entitled to additional 20% of the pension according to the provisions of the preceding paragraph.
(4) For employees who are subject to the Labor Pension Act, the Company will have an amount equivalent to 6% of the monthly salary appropriated and deposited into the personal pension account.</td><td></td></tr>
</table>

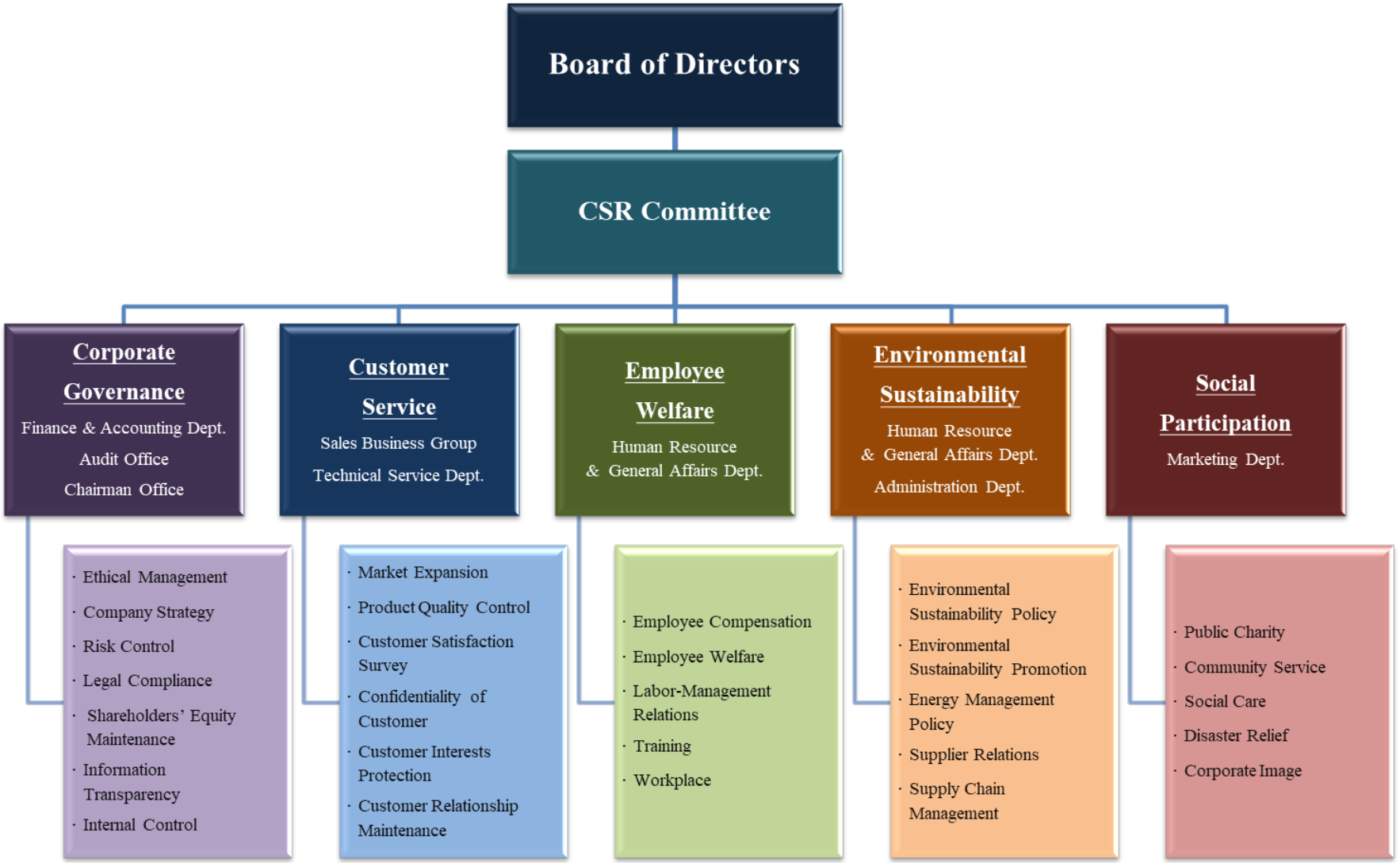
Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(III) Does the Company provide employees with safe and healthy work environment and give regular safety and health training?	✓		In addition to compliance with the government safety and health related laws and regulations, and consideration for employees' safety, the Company has established an occupational safety and health management manual and related procedures in accordance with the OHSAS 18001 Occupational Safety and Health Management System for which the Company passed the certification in October 2018 and OHSAS 18001 Occupational Safety and Health Management System, changed to ISO45001: 2018 later, for which the Company passed the certification in January 2021. Aiming at zero occupational disasters and strengthened self-management, we continuously improve occupational safety and health performance, reduce occupational disasters, protect labor safety and health, and meet the requirements set by stakeholders including the relevant authority, customers and employees. All workers should abide by the procedures and specifications stipulated in the manual, and maintain effective operations of the occupational safety and health management system. **Safety:** Four labor safety and health education workshops and three disaster prevention training workshops were organized in accordance with the labor laws, "Occupational Safety and Health Act" and ISO 45001, so that employees can be aware of and follow the relevant rules, to ensure effective implementation of occupational safety and health management. There were four cases of workplace injury in the year of 2020, and we'll continue to take care of employees and strengthen the safety promotion. Meanwhile, in response to the outbreak of COVID-19 in January 2020, the Company also established the relevant standard operating procedures and requirements for epidemic prevention. For details, please refer to the part about care for employees in the CSR Report.	No major discrepancy

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
(IV) Does the Company offers effective training programs for employees' career development?	✓		**Health:** We offer corporate health insurance and new employee health checkups, and based on ISO 45001 health checkup procedures, give health check-ups for all employees every two years to look after the employees' health. In addition, according to the Labor Health Protection Act, operations exposed to ionizing radiation are particularly looked into, where the high-risk employees are medical technicians, and their belonging departments send their names each year to HR which will then file applications to the Bureau of Labor Insurance for special hazard health checks and regular follow-ups to protect these employees. Further, as the Company's headquarters in Neihu Dist., Taipei City has been activated officially since May 2020, the Company planned a sport space exclusive for all employees. The Company retained coaches externally to teach professional sports courses, hoping to guide employees to devote themselves, physically, mentally and interpersonally, through exercising, in order to inspire participants to have the courage to challenge themselves and determination to conquer any difficulty. Exercising regularly will not only benefit employees' physical and mental health but also boost the positive attitude throughout the Company. In addition to the above measures, in order to prevent sexual harassment, the Sexual Harassment Prevention and Appeal Guideline is established with a dedicated complaint filing mechanism, to ensure any sexual harassment, gender discrimination or violence, threats and intimidation are strictly prohibited, for a gender equality workplace. We make every effort to create a happy, secure and rest assured working environment. No discrimination cases occurred in 2020. The training programs come in four categories: 1. Pre-employment training: New employees are counseled and oriented to understand the Company's organization, business overview, labor safety and health, and standard procedures. 2. Internal training: Employees are given internal training to enhance their basic job competence and professional capability. 3. External training: Depending on the employees' job needs and positions, the external training is given to enhance their professional skills and leadership capability. 4. Overseas training: To meet the future corporate development or job requirement, employees are recommended by their supervisors for going abroad to receive professional training.	No major discrepancy

<table>
<tr><th rowspan="2">Evaluation Status</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>(V) Does the Company comply with relevant statutory regulations and international norms regarding the customer health and safety, customer privacy, marketing and labeling of products and services, and formulate consumer protection policies and complaint filing procedures?</td><td>✓</td><td></td><td>The equipment distributed by the Company absolutely complies with related laws and international standards, and must be verified and registered according to the relevant regulations of the Ministry of Health and Welfare before being sold in the local market. The equipment has correct labeling or package insert, and instructions for use. In response to the enforcement of Medical Devices Act on May 1, 2021, the Group will continue to comply with it to protect the safety, performance and quality of the medical equipment used by customers. Regarding consumer protection policies and complaint filing procedures, the Company has established standard operating procedures for handling quality complaints, serious adverse reactions, and product recycling notifications in accordance with ISO9001 and relevant regulations of the Ministry of Health and Welfare.</td><td>No major discrepancy</td></tr>
<tr><td>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights? and how is it implemented?</td><td>✓</td><td></td><td>Domestic supplier:
The Company has a "Corporate Social Responsibility Statement", which lists environmental protection, safety, health, human rights, ethics, and government issues related to social responsibility, requiring that the suppliers should sign and comply with relevant norms, and jointly fulfill CSR. The current statement has been recycled. The contents of the “Corporate Social Responsibility” are as follows:
<table>
<tr><td>Comply with relevant regulations on waste water, waste gas, solid waste, hazardous waste and noise control</td><td>Take systematic measures to reduce the consumption of energy resources and reduce emissions</td><td>Ensure that products and services do not use illegal and environmentally hazardous substances prohibited by customers</td></tr>
<tr><td>Ensure that employees can have a safe and healthy working environment through effective management</td><td>Provide an equal and fair working environment and prohibit any form of discrimination</td><td>Respect the basic human rights of employees and prohibit any and all forms of insulting behavior</td></tr>
<tr><td>Provide employees with a safe, clean diet and potable water</td><td>Provide adequate and qualified sanitary and environmental facilities, such as public facilities, etc.</td><td>Respect the freedom of employees and prohibit any and all forms of forced labor</td></tr>
<tr><td>Promote labor-management cooperation and respect the opinions of employees</td><td>Comply with general corporate ethics</td><td>No child labor</td></tr>
<tr><td>Minor and female employees labor protection</td><td>Respect employees' right to free association and collective bargaining</td><td>Appropriate salary and benefits</td></tr>
</table></td><td>No major discrepancy</td></tr>
</table>

Evaluation Status	Implementation Status			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Abstract Explanation	
V. Does the Company refer to internationally accepted report preparation standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the Company's non-financial information? Has the previous disclosure report obtained the confidence or assurance opinions of third-party verification units?	✓		The CSR Report is based on the GRI Standards released by GSSB, following the "core" options, and making reference to the "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies". However, the Company is currently an enterprise that is not compulsory in preparing the report, so it has not sought the confidence or assurance opinions of third-party verification units.	No major discrepancy
VI. If the Company has established the corporate social responsibility principles based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: The Company has established "Corporate Social Responsibility Principles", which has no major discrepancy from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies". For more information in this regard, please visit the corporate website and MOPS.				
VII. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: (I) Environmental protection: The Company uses the best effort to promote the energy conservation and carbon reduction policy and related environmental policies at the office premises, and value suppliers' ESG performance. In response to the introduction of ISO 9001 Quality Management System, mechanisms are established to evaluate and audit new and existing domestic and foreign qualified suppliers in terms of their quality, occupational safety and health, based on the supplier management procedures, for joint commitment to the environmental sustainability. (II) Social contributions: The Company hopes that the introduction of high-end medical equipment and technical services can bring in more precise treatment, more sufficient medical resources and higher quality of medical services to the public, thereby promoting the overall health and well-being of the people. (III) Social services: The Company has organized the "CHC Medical Volunteer Service" with the aim of "Medical Services, Charity, and Healthy Living," to actively engage in social welfare activities, by helping disadvantaged groups in rural areas, offering volunteer clinical services, and promoting healthy living awareness. We encourage employees to engage in volunteer services to congregate individual influences into the greatest synergy for contributions to society. (IV) Social welfare: With a mind of feedback to the society, we provide resources to disadvantaged groups in need of help. And in case of natural disasters and major accidents, we also provide emergency assistance, participate actively in disaster relief or caring activities initiated by various sectors. (V) Consumer rights: The Company distributes high-end medical equipment and cultivates a manufacturer-certified technical service team to assist customers in equipment installation, and take charge of the training programs and after-sale maintenance with comprehensive services. Customer complaints are handled and responded by the sales unit and technical unit immediately, and the customer service toll-free telephone number is set up to ensure the customers' rights. (VI) Human rights: The Company is committed to a friendly workplace, diverse and discrimination-free, regardless of gender, age, nationality, race, color and political stand. Every employee enjoys equal right to work in the Company. We also provide opportunities for individuals to freely express ideas and seek development. We are committed to a workplace that values human rights and is free from discrimination and harassment. (VII) Safety and health: The Company protects employees' safety and well-being according to the government's safety and health regulations. The transformation of OHSAS 18001 Occupational Health and Safety Management System to ISO 45001 was activated in 2020 and was done in January 2021, in order to continuously improve occupational safety and health, reduce occupational disasters, and protect employees' safety and health.				

Organization of Corporate Social Responsibility Committee



(6) Business integrity and relevant measures

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
1. Formulation of integrity policies and programs (1) Does the Company formulate the integrity policies approved by the Board, and explicitly manifest the integrity policies and measures in the corporate charters and external documents, and have the Board and senior management committed to the policies?	✓		The Company has established the "Integrity Procedures and Guidelines" and, upon approval of the Board, published it on the CSR section of the Company's website at http://www.cyhc.com.tw, which regulates all employees' ethics and responsibilities in practicing business, covering individuals, groups and the corporation, for the public and stakeholders. And the responsible unit should hold at least one internal advocacy every year to arrange the chairman, general manager or senior management to convey the importance of integrity to the directors, employees and assignees.	No major discrepancy
(2) Does the Company establish an evaluation mechanism for the risk of dishonesty to regularly analyze and evaluate business activities with a high risk of dishonesty within the business scope, and formulate a plan to prevent dishonesty, and at least covers the preventive measures as stated in the second paragraph of Article 7 of the "Code of Integirty of Listed Companies"?	✓		The Company formulates a prevention plan with reference to domestic and international common standards or guidelines, at least covering the prevention measures of the following behaviors: 1. Offering or accepting bribes. 2. Providing illegal political contributions. 3. Improper charitable donations or sponsorships. 4. Offering or accepting unreasonable gifts, hospitality or other improper benefits. 5.Infringement on business secrets, trademark rights, patent rights, copyrights and other intellectual property rights. 6.. Engaging in unfair competition. 7.Products and services that directly or indirectly damage the rights, health and safety of consumers or other interested parties during research, development, procurement, manufacturing, provision or sale.	No major discrepancy
(3) Does the Company have a plan to prevent dishonesty, with specific operating procedures, behavioral guidelines, disciplinary and grievance systems for violations and fully implement it, and regularly review and modify the plan?	✓		The Company has established the "Integrity Procedures and Guidelines", the "Code of Ethics", and the "Performance Evaluation Method", which clearly stipulates that it shall not accept hospitality or gifts, rebates or other illegitimate interests for acts or violations of its duties; it is not allowed to use the relationship in the position to move loans to the employees or customers of the Bank, nor to use the authority to violate the law to benefit oneself or others. It also sets up a special unit to appoint the company's employee representatives to jointly review, and inform the employees of the	No major discrepancy

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
			punishment content; if the punished employees have doubts, they must also file a petition to establish a fair reward and punishment system.	
2. Implementation of integrity				
(1) Does the Company evaluate the integrity records of counterparties and specify the terms of good faith in its contracts with the counterparties?		✓	The Company evaluates and audits the quality/environmental safety systems of counterparties, and deals only with qualified ones, while the unqualified ones will, with approvals from supervisors, be excluded from dealing with us, and the provisions of integrity will be expressly stipulated in the future procurement contracts.	No major discrepancy
(2)Does the Company set up a special unit under the Board to implement the corporate integrity and regularly (at least once a year) report the supervision and implementation of the integrity policies and plans for dishonesty prevention?	✓		The HR & General Affairs Department is assigned the responsibilities for amendment, execution, interpretation, consulting and archiving the matters related to “Integrity Procedures and Guidelines”, as well as supervising the implementation and annually reporting to the Board. The procedures and guidelines have been disclosed on the Company's website and propagated through the monthly general meeting of employees for full-range implementation. In the year of 2020, there were a total of 12 employees' general meetings, and no major violation of integrity was reported.	No major discrepancy
(3) Does the Company have a policy to prevent conflicts of interest with a proper complaint filing mechanism for implementation?	✓		The Company has established a policy to prevent conflicts of interest in the "Integrity Procedures and Guidelines" along with the "Internal Major Information Processing and Prevention of Internal Transactions" to provide directors and managers through appropriate channels to explain whether they have potential conflicts of interest. The above procedures, guidelines and measures have been disclosed on the Company's website, and propagated through executive meetings; there were a total of 24 such executive meetings given in the year of 2020.	No major discrepancy
(4) Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, and based on the results of the assessment of the risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, or entrust a CPA to perform the examination？	✓		To ensure the implementation of integrity management, the Company has established an effective accounting system and internal control system, and based on the degree of the assessed risk of dishonesty, the internal audit unit will formulate the relevant audit plan, and check the compliance with the plan to prevent dishonesty, and the CPA will conduct internal control review every year.	No major discrepancy
(5) Does the company regularly give internal and external training of integrity management?	✓		The Company communicates to employees our ethical management philosophy and regulations at the management meeting, in order to enable	No major discrepancy

Evaluation item	Operations			Discrepancy from code of integrity and the causes
	Yes	No	Description	
			them to better understand the same.	
3. Grievance mechanism (1) Does the company have a specific mechanism to reward reporting of compliance violations, with a convenient reporting channel and appropriate personnel to respond?	✓		To protect the corporate reputation, safeguard the property, avoid and prevent corruption, theft, encroachment or other illegal and disorderly deeds, that may damage the rights and interests of shareholders, employees, counterparties and partners, a reporting mechanism has been established. Scope: The operating units, personnel as well as external affiliates and individuals of the Company and its subsidiaries. Authority: The HR & General Affairs Department is charged with the business, and if a violation reported involves the directors or high-level executives, the report should be submitted to independent directors.	No major discrepancy
(2) Does the Company set up standard operating procedures and, upon investigation, take relevant follow-up measures and related confidentiality mechanism?	✓		The Company has established a standard operating procedure to receive and investigate violation reports, including the types of reports, the procedures for reporting, etc. In addition, a confidentiality mechanism is also set to strictly protect the identities of informers as well as the reported contents and evidence in the proceeding of investigation,	No major discrepancy
(3) Does the Company take measures to protect the informers from illegitimate treatment due to the incident of reporting?	✓		The Company has established relevant provisions in the reporting mechanism to protect informers, such as non-disclosure of informer's identity, and no consequent discrimination of job interests or work conditions, in order to protect the informers from illegitimate treatment.	No major discrepancy
4. Enhancement of information disclosure (1) Does the Company disclose its code of integrity and implementation efficacy on its official website and MOPS?	✓		The Company has published its "Integrity Procedures and Guidelines" on its official website and MOPS. In addition, the official website has a CSR dedicated section to disclose the corporate CSR governance, while the corporate governance subsection further discloses the code of good practice and its implementation efficacy.	No major discrepancy
5. If the Company has its own code of conduct in accordance with the Code of Business Conduct and Ethics, please describe the difference between the two: The Company has established the "Integrity Procedures and Guidelines" and the "Code of Ethics and Conduct", and the operations of which are conformable to the standard Code. The corporate codes are based on the business philosophy of integrity, fairness, transparency and self-discipline, upon which good corporate governance and risk control mechanism are built for sustainable development.				
6. Other important information that helps understanding of the Company's integrity management (such as reviews and amendments of the code of conduct, etc.): Internal audits are conducted on a regular basis for daily operational processes to reduce corruption and bribery through effective internal control mechanisms such as self-assessments.				

(7) If the Company has a corporate governance code and related regulations, the method of inquiry should be disclosed.

Please visit the Company's official website (http://www.chcg.com): "Corporate Governance" for the "Internal Policies" section downloadable by investors.

(8) Other important information that helps further understand the corporate governance should also be disclosed.

Please visit the Company's official website (http://www.chcg.com): "Corporate Governance" for the "Corporate Governance Implementation Status" accessible by investors.

(9) The following matters concerning internal control system should be disclosed:
1. Internal Control Statement: see Page 61.
2. If the Company entrusts CPAs to conduct internal control system, the CPA auditing reports should be disclosed: N/A.

(10) If the Company and its internal personnel was punished by law, or its internal personnel was punished by the Company due to its violation of the internal control policies, and such punishment may significantly infringe the shareholders' interests or the price of securities, the specific punishment, major deficiencies and improvement shall be clearly listed: N/A.

CHC Healthcare Group

Internal Control Statement

Date: March 19, 2021

The implementation of the Company's internal control system in 2020, based on the self-evaluation results, is hereby declared as follows:

I. The Company is fully aware that the establishment, implementation and maintenance of an internal control system are the responsibility of the Board of Directors and managers of the Company, and therefore the Company has established the system. Its purpose is to reasonably assure the fulfillment of operational effectiveness and efficiency (including profitability, performance and asset security), as well as reliability, immediacy, and transparency of reports and promulgation, and compliance with laws and regulations.

II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance of achieving the above three objectives. Moreover, due to changes in circumstances and conditions, the effectiveness of the system may change accordingly. Nevertheless, the Company's internal control system has a self-monitoring mechanism, by which corrective action will be taken immediately once a flaw is identified.

III. Based on the effectiveness indicators of the "Standards for Publicly Held Companies to Internal Control Systems" (hereinafter referred to as the Standards), the Company determines whether the design and implementation of the internal control system is effective. According to the process of internal control management, the indicators adopted by the Standards consist of five components: (1) environment of control; (2) assessment of risks; (3) operations of control; (4) information and communication; and (5) monitoring. Each component consists of several items, which are described in the Standards.

IV. The Company has adopted the aforementioned indicators to evaluate the system design and implementation effectiveness.

V. Based on the results of the above evaluation, the Company believes that the December 31, 2020 report of the Company's internal control system (covering subsidiaries) including the understanding of the operational effectiveness and level of efficiency, is reliable, timely and transparent, and the system is designed and implemented in compliance with relevant laws and regulations, reasonably ensuring the achievement of the above objectives.

VI. This statement will become the main content of the Company's annual report and public statement, and will be made public. If the content of the above disclosure is hypocritical or concealing, it will be violation of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This statement was approved in the Board meeting on March 19, 2021, and all the seven attending directors held no objections, and agree with the content of the statement. The resolution is herewith combined with this statement.

CHC Healthcare Group

Chairman: Pei-Ling Lee (seal/signature)

General Manager: Pei-Ling Lee (seal/signature)

(11) Major resolutions of the Shareholders' Meeting and the Board meetings in the most recent year and as of the date of the annual report

Type of meeting	Date	Major resolutions
Board meeting	March 23, 2020	1. The Company's 2019 parent company only financial report and consolidated financial reports. 2. Distribution of the Company's earnings 2019. 3. The Company's 2019 business report. 4. The Company's 2019 Internal Control Statement. 5. The Company's 2020 business plan and annual budget. 6. Distribution of the Company's stock dividend and bonus in cash 2019. 7. Distribution of remuneration to employees and directors 2019. 8. Reelection of directors. 9. Name list of nominated candidates for director and independent director, and review on the nominated candidates' qualifications. 10. Termination of non-competition restrictions on new directors and their representatives. 11. Transfer of the buy-back stocks to employees at a price lower than the averaged buy-back prices. 12. Private placement of ordinary shares. 13. The 2020 Annual General Meeting and processing of masters concerning the premises of shareholders with more than 1% of the holding during the proposal and nomination period, and exercise of electronic voting. 14. Distribution of year-end bonuses to managers 2019. 15. Proposal of loans to affiliates. 16. Proposal of endorsements for affiliates. 17. Proposal of the capital increase record date for 3rd domestic secured convertible corporate bonds in Q1 2020. 18. The Company replaces the CPA in response to the job rotation implemented in the CPA Firm. 19. Proposal of the amendments to the "Audit Committee Charter" ,"Management Measures for the Preparation of Financial Statements" and "Procedures for Ethical Management and Guidelines for Conduct" 20. Proposal of the amendment to the Company's "Compensation Committee Charter" 21. Proposal of the amendment to the Company's "Rules of Procedure for Meetings of Board of Directors" and "Corporate Governance Best Practice Principles" 22. Proposal of termination of non-competition restriction on the Company's senior management. 23. Proposal of application for bank credit limits. 24. Proposal of sterilization facility construction project of the subsidiary Shin-Ho Instruments Co., Ltd.
Board meeting	May 6, 2020	1. Proposal of loans to affiliates. 2. Proposal of the capital increase record date for exercise of employee stock options and 3rd domestic secured convertible corporate bonds in Q2 2020. 3. Proposal of the establishment of the Company's "Policies and Procedures for Risk Management" 4. Proposal of acquisition of the right-of-use assets from the subsidiary Chiu Ho Medical System Co., Ltd.

Type of meeting	Date	Major resolutions
		5. In order to acquire or dispose of the assets, the Board of Directors shall authorize the Chairman to make decision within the specific limit. 6. Proposal of relocation of the Company's business address.
Board meeting	June 2, 2020	Proposal of issuance of 4th domestic secured convertible corporate bonds.
Shareholders' Meeting	June 12, 2020	1. Ratification of the Company's 2019 business report and financial statements. 2. Ratification of distribution of the Company's earnings 2019. 3. Ratification of transfer of the buy-back stocks to employees at a price lower than the averaged buy-back prices. 4. Approval of the private placement of ordinary shares. 5. Approval of the election of directors of 6th term. 6. Approval of the termination of non-competition restrictions on new directors and their representatives.
Board meeting	June 12, 2020	Proposal of election of the Chairman and Vice Chairman.
Board meeting	August 5, 2020	1. Proposal of election of the Company's 5th Compensation Committee members. 2. Proposal of resolution on remuneration to 5th Compensation Committee members 3. Proposal of resolution on remuneration to 2nd Audit Committee members 4. In order to make the endorsement or guarantee, the Board of Directors shall authorize the Chairman to make decision within the specific limit. 5. Proposal of loans to affiliates. 6. Proposal of endorsements for affiliates. 7. Proposal of the capital increase record date for exercise of employee stock options and 3rd domestic secured convertible corporate bonds in Q3 2020. 8. Proposal of the amendment to the Company's "Audit Committee Charter" 9. Proposal of the amendment to the Company's "Corporate Social Responsibility Principles", "Rules Governing the Scope of Powers of Independent Directors" and "Rules of Procedure for Meetings of Board of Directors." 10. Proposal of application for bank credit limits.
Board meeting	November 4, 2020	1. The Company's internal audit plan 2021. 2. The Company's independent auditor independence evaluation 2020. 3. Proposal of loans to affiliates. 4. Proposal of endorsements for affiliates. 5. Proposal of the capital increase record date for exercise of employee stock options, and 3rd domestic secured convertible corporate bonds & 4th domestic secured convertible corporate bonds in Q4 2020. 6. Proposal of reinvestment for 100% holding of the subsidiary. 7. Proposal of the amendment to the Company's "Operating Regulations Governing Transactions with Affiliates, Related Parties, Specific Companies and Group Entities" and "Management Measures for the Preparation of Financial Statements." 8. Proposal of the amendment to the Company's "Compensation Committee Charter". 9. Proposal of provision of remuneration to directors and employees 2020. 10. Proposal of review on remuneration to the Company's new Chairman and Vice Chairman

Type of meeting	Date	Major resolutions
		11. Proposal of application for bank credit limits. 12. Proposal of the Company's establishment of the functional committee, "CSR Committee," and enactment of the "Corporate Social Responsibility (CSR) Committee Charter". 13. Proposal of resolution on remuneration to 1st CSR Committee members.
Board meeting	March 19, 2021	1. The Company's 2020 parent company only financial report and consolidated financial reports. 2. Distribution of the Company's earnings 2020. 3. The Company's 2020 business report. 4. The Company's 2020 Internal Control Statement. 5. The Company's 2021 business plan and annual budget. 6. Distribution of the Company's stock dividend and bonus in cash 2020. 7. Distribution of remuneration to employees and directors 2020. 8. Proposal of the amendment to the Company's "Procedures Governing the Acquisition or Disposal of Assets". 9. Private placement of ordinary shares. 10. The 2021 Annual General Meeting and processing of masters concerning the premises of shareholders with more than 1% of the holding during the proposal period, and exercise of electronic voting. 11. Proposal of loans to affiliates. 12. Proposal of endorsements for affiliates. 13. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q1 2021. 14. Proposal of the amendment to certain provisions of the "Computerized Information System Cycle" in the Company's Internal Control System. 15. Proposal of the amendment to the Company's "Managers' Performance Evaluation and Remuneration Standard." 16. Distribution of year-end bonuses to managers 2020. 17. Review and adjustment on remuneration to the Company's Vice Chairman. 18. Proposal of application for bank credit limits. 19. Proposal of additional budget for sterilization facility construction project of the subsidiary Shin-Ho Instruments Co., Ltd. 20. Proposal of appointment of the COO. 21. Proposal of appointment of the CFO. 22. Proposal of the Chief Investment Officer and Chief Human Resource Officer served by the Chairman concurrently.
Board meeting	May 5, 2021	1. Proposal of loans to affiliates. 2. Proposal of endorsements for affiliates. 3. Proposal of the capital increase record date for exercise of employee stock options and 4th domestic secured convertible corporate bonds in Q2 2021. 4. Proposal of relocation of the Company's business address.

(12) Implementation of the 2020 Shareholders' Meeting resolutions

Resolution	Implementation
1. Ratification of the Company's 2019 business report and financial statements.	After the resolution of the annual general meeting, the business report and financial statements were published on MOPS.

<table>
<tr><th>Resolution</th><th>Implementation</th></tr>
<tr><td>2. Ratification of distribution of the Company’s earnings 2019.</td><td>According to the resolution of the annual general meeting, allotment of cash dividends totaled NT$281,267,078 was completed on August 5, 2020.</td></tr>
<tr><td>3. Ratification of transfer of the buy-back stocks to employees at a price lower than the averaged buy-back prices.</td><td>Unanimous concurrence by all the attending shareholders.</td></tr>
<tr><td>4. Approval of the private placement of ordinary shares.</td><td>Unanimous concurrence by all the attending shareholders.</td></tr>
<tr><td>5. Approval of the election of directors of 6th term.</td><td>The name list of directors of 6th term elected by all the attending shareholders is stated as follows:
<table>
<tr><th colspan="2">Name list of elected directors of 6th term</th></tr>
<tr><td>Director</td><td>Representative of Princeton Healthcare Limited: Pei-Ling Lee</td></tr>
<tr><td>Director</td><td>Tien-Ying Lee</td></tr>
<tr><td>Director</td><td>Chun-Shung Huang</td></tr>
<tr><td>Director</td><td>Representative of Yen-Hsin Investment Ltd.: Yung-Shun, Chuang</td></tr>
<tr><td>Independent Director</td><td>Gui-Duan Chen</td></tr>
<tr><td>Independent Director</td><td>Chang-Jian Ho</td></tr>
<tr><td>Independent Director</td><td>Geng-Wang Laiw</td></tr>
</table></td></tr>
<tr><td>6. Approval of the termination of non-competition restrictions on new directors and their representatives.</td><td>Unanimous concurrence by all the attending shareholders.</td></tr>
</table>

(13) Any disagreement on the Board resolutions from directors or supervisors that is officially documented or has written statement in the most recent year and as of the date of the annual report: N/A.

(14) Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D.

V. Information Regarding the Company’s Audit Fee and Independence

Accounting firm	CPA		Year	Remark
PricewaterhouseCoopers (PwC) Taiwan	Yu-Fang Yen	Pei-Lin Tu	2020	N/A

Unit: NT$ thousands

Amount level \ Fee item		Audit fee	Non-audit fee	Total
1	Less than 2,000	—	—	—
2	2,000 thousands(incl)～4,000 thousands	3,150	110	3,260
3	4,000 thousands (incl)～6,000 thousands	—	—	—
4	6,000 thousands(incl)～8,000 thousands	—	—	—
5	8,000 thousands(incl)～10,000 thousands	—	—	—
6	More than 10,000 thousands(incl)	—	—	—

(1) If the non-audit fee paid to CPA, CPA's accounting firm and its affiliates is more than a quarter of the audit fee, the audit and non-audit fees and the content of the non-audit service should be disclosed.

Unit: NT$ thousands

Accounting firm	CPA	Audit fee	Non-audit fees					Audit period	Remark
			System of design	Company registration	Human resources	Others	Subtotal		
Pricewaterhouse Coopers (PwC) Taiwan	Yu-Fang Yen Pei-Lin Tu	3,150	0	0	0	110	110	01/01/2020~ 12/31/2020	Note

Note: The non-audit fees-others refer to the service fees incurred for the issuance of secured convertible corporate bonds in 2020.

(2) If the accounting firm is changed and the annual audit fee changed is less than that of the previous year, the audit fees before and after the change of accounting firm and the causes of change should be disclosed.

N/A

(3) If the audit fee is over 15% less than the previous year's, the reduced amount of audit fee, the proportion and the causes of reduction should be disclosed.

N/A

VI. Replacement of CPA

(1) Regarding the former CPA

Date of replacement	March 23, 2020			
Replacement reasons and explanations	The accounting firm's internal job rotation			
Whether the appointor terminates or CPA refuses to accept the appointment	Principal / Situation		CPA	Appointer
	Termination		N/A	N/A
	Refusal of (subsequent)appointment		N/A	N/A
Audit report opinions other than unqualified ones issued in the most recent two years and the reason	N/A			
Any different opinions with the issuer	Yes		Accounting principles or practices	
			Disclosure of financial statements	
			Audit scope or steps	
			Others	
	No	✓		
	Explanation			
Other disclosure (Item 1.4 thru 1.7 of Paragraph 6 of Article 10 of the Guidelines should be disclosed)	N/A			

(2) Regarding the successor CPA

Accounting firm	PricewaterhouseCoopers (PwC) Taiwan
Name of CPA	Yu-Fang Yen, Pei-Lin Tu
Date of appointment	March 23, 2020
Accounting methods or accounting principles for specific transactions and consulted matters that may be issued for financial reporting prior	No discrepancy

to appointment, and the result.	
Different written opinions between the former and successor CPAs	N/A

(3) Reponse from the former CPA concerning Item 1, 2-3 of Paragraph 6 of Article 10 of "Guidelines for Things to be Documented in Annual Report for Pulibly Listed Companies".

N/A

VII. If the Company's President, General Manager, and/or executives in charge of finance and accounting worked for the CPA's accounting firm or its affiliates in the most recent years, their names, job titles and the durations should be disclosed.

N/A

VIII. Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Changes of equity by directors, supervisors, managers and key shareholders (holding more than 10% of total shares)

Unit: share

Title	Name	2020		As of April 18, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director, also major shareholder	Princeton Healthcare Limited	0	0	0	0
Juristic-person director, representative, chairman of the Board	Princeton Healthcare Limited Juristic presentative: Pei-Lin Lee				
Vice Chairman, Vice President, Overseas Business Dept. (Note 1)	Tien-Ying Lee	491,000	0	0	0
Director	Chun-Shung Huang	0	0	0	0
Director	Yen-Hsin Investment Ltd.	0	0	0	0
Director	Yen-Hsin Investment Ltd. Representative: Yung-Shun Chuang	0	0	0	0
Independent director	Gui-Duan Chen	0	0	0	0
Independent director	Chang-Jian Ho	0	0	0	0
Independent director	Geng-Wang Laiw	0	0	0	0
General Manager	Pei-Lin Lee	0	0	0	0
CEO, Oncology Business Group	Yee-Min Jen	0	0	0	0
COO	Ming-Lun Lee	0	0	22,500	0
CFO	Yi-Chun Chen	(60,000)	0	0	0

Note 1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

(2) Information of the counterparties, as related persons, of the equity transfer: N/A.

(3) Information of the counterparties, as related persons, of the equity pledge: N/A.

IX. Relationship among the Top Ten Shareholders

Unit: share

NAME	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Princeton Healthcare Limited	28,257,983	17.97%	0	0.00%	0	0.00%	Su-Ching Chen	Representative of Princeton Healthcare Limited is the spouse of Su-Ching Chen	NA
Representative: Pei-Lin Lee	5,682,151	3.61%	2,862,808	1.82%	0	0.00%	Tien-Yin Lee	Representative of Princeton Healthcare Limited is the father of Tien-Yin Lee	
Tien-Yin Lee	9,413,985	5.99%	31,000	0.02%	0	0.00%	Princeton Healthcare Limited	Tien-Yin Lee is the son of the representative of Princeton Healthcare Limited	NA
							Pei-Lin Lee	Father & Son	
							Su-Ching Chen	Mother & Son	
Indeed Co., Ltd. Representative : You-Dong Jian	7,219,000	4.59%	0	0.00%	0	0.00%	Yong Jin Shan Co., Ltd.	The same person as Chairman	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A
Pei-Lin Lee	5,682,151	3.61%	2,862,808	1.82%	28,257,983	17.97%	Princeton Healthcare Limited	The representative of Princeton Healthcare Limited	NA
							Su-Ching Chen	Spouse	
							Tien-Yin Lee	Father & Son	
Fubon Life Insurance Co., Ltd Representative: Ming-Shing Tsai	5,389,961	3.43%	0	0.00%	0	0.00%	N/A	N/A	NA
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	NA
Shui-Cheng Tu	4,878,033	3.10%	11,000	0.01%	0	0.00%	N/A	N/A	NA
Su-Ching Chen	2,862,808	1.82%	5,682,151	3.61%	0	0.00%	Princeton Healthcare Limited	Shu-Ching Chen is the spouse of the representative of Princeton Healthcare Limited	NA
							Pei-Lin Lee	Spouse	
							Tien-Yin Lee	Mother & Son	
Yan-Xian Lu	2,300,000	1.46%	0	0.00%	0	0.00%	N/A	N/A	N/A
Yong Jin Shan Co., Ltd. Representative: You-Dong Jian	1,900,000	1.21%	0	0.00%	0	0.00%	Indeed Co., Ltd.	The same person as Chairman	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A
TransGlobe Life Insurance Inc. Representative: Teng-Te Peng	1,880,000	1.20%	0	0.00%	0	0.00%	N/A	N/A	N/A
	0	0.00%	0	0.00%	0	0.00%	N/A	N/A	N/A

X. The number of shares of reinvested businesses concurrently held by the Company, the Company's directors, supervisors, managers, and affiliates directly/indirectly controlled by the Company, and the consolidated shareholding ratio.

March 31, 2021 Unit: thousand shares

Affiliated Enterprises (Note 1)	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors /Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Chiu Ho Medical System Co., Ltd.	377,540	100%	0	0%	377,540	100%
Tomorrow Medical System Co., Ltd.	70,800	100%	0	0%	70,800	100%
Chiu Ho Scientific Co., Ltd.	9,854	100%	0	0%	9,854	100%
Hua Lin Instruments Co., Ltd.	48,600	100%	0	0%	48,600	100%
Shin-Ho Instruments Co., Ltd.	21,300	100%	0	0%	21,300	100%
Hsin Lin Biotech Co., Ltd.	8,000	100%	0	0%	8,000	100%
E Century Health Care Corporation	60,000	100%	0	0%	60,000	100%
Tong-Lin Instruments Co., Ltd.	40,000	100%	0	0%	40,000	100%
Chiu Ho Biotech Co., Ltd.	33,000	100%	0	0%	33,000	100%
CHC Healthcare (BVI) Limited	0.94	100%	0	0%	0.94	100%
CHC Healthcare (HK) Limited	100	100%	0	0%	100	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	USD9,503 thousands (Note 2)	100%	0	0%	USD9,503 thousands (Note 2)	100%
Chiu Ho (China) Medical Technology Co., Ltd.	USD7,544 thousands (Note 2)	100%	0	0%	USD7,544 thousands (Note 2)	100%
Medlink healthcare Limited	154,125	100%	0	0%	154,125	100%
Hsing-Yeh Biotechnology Co., Ltd	93,600	100%	0	0%	93,600	100%
Neusoft CHC Medical Service Co., Ltd	RMB15,300 thousands (Note 2)	51%	0	0%	RMB15,300 thousands (Note 2)	51%
SenCare Healthcare Company	19,400	65.99%	0	0%	19,400	65.99%
PT CHC Medika Indonesia	1.568	100%	0	0%	1.568	100%
CHC Long-Term Care Corporation	NTD31,040 thousands (Note 3)	97%	0	0%	NTD31,040 thousands (Note 3)	97%
Cheng-Hsin Biotechnology Co., Ltd	1,200	40%	0	0%	1,200	40%

Note 1: The Company's long-term investment under equity method.
Note 2: It is a limited company without any share issued, so the invested capital amount and ratio are listed.
Note 3: Juridical association, and unissued shares, therefore the listing of share capital and ratio of capital contribution.

Four. Capital Overview

I. Capital and Shares

(1) Source of Capital

Unit: share; NTD

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Nov. 2009	10	100,000	1,000,000	10,000	100,000	Incorporation	None	Note 1
Dec. 2009	13.6585	60,000,000	600,000,000	60,000,000	600,000,000	Conversion of 44,818,604 shares and exchange of 15,171,396 shares	None	Note 2
Feb. 2010	13.6585	100,000,000	1,000,000,000	78,742,908	787,429,080	Cash capital increase	None	Note 3
Mar. 2010	13.6585	130,000,000	1,300,000,000	101,407,472	1,014,074,720	Cash capital increase	None	Note 4
Dec. 2010	77	130,000,000	1,300,000,000	105,303,576	1,053,035,760	Cash capital increase	None	Note 5
June 2011	71.5	130,000,000	1,300,000,000	108,103,576	1,081,035,760	Cash capital increase	None	Note 6
Nov. 2012	78	130,000,000	1,300,000,000	120,000,000	1,200,000,000	Cash capital increase	None	Note 7
Oct. 2013	80	200,000,000	2,000,000,000	130,000,000	1,300,000,000	Cash capital increase	None	Note 8
Oct. 2014	10	200,000,000	2,000,000,000	130,264,250	1,302,642,500	Exercising employee stock option	None	Note 9
Jan. 2015	10	200,000,000	2,000,000,000	130,346,000	1,303,460,000	Exercising employee stock option	None	Note 10
Apr. 2015	10	200,000,000	2,000,000,000	130,373,250	1,303,732,500	Exercising employee stock option	None	Note 11
July 2015	10	200,000,000	2,000,000,000	130,383,250	1,303,832,500	Exercising employee stock option	None	Note 12
Oct. 2015	10	200,000,000	2,000,000,000	130,409,750	1,304,097,500	Exercising employee stock option	None	Note 13
Dec. 2015	58.8	200,000,000	2,000,000,000	139,409,750	1,394,097,500	Cash capital increase	None	Note 14
Jan. 2016	10	200,000,000	2,000,000,000	139,702,750	1,397,027,500	Exercising employee stock option	None	Note 14
Apr. 2016	10	200,000,000	2,000,000,000	139,723,750	1,397,237,500	Exercising employee stock option	None	Note 15
Aug. 2016	10	200,000,000	2,000,000,000	139,733,750	1,397,337,500	Exercising employee stock option	None	Note 16
Oct. 2016	10	200,000,000	2,000,000,000	139,793,750	1,397,937,500	Exercising employee stock option	None	Note 17
Jan. 2017	10	200,000,000	2,000,000,000	139,847,750	1,398,477,500	Exercising employee stock option	None	Note 18
Apr. 2017	10	200,000,000	2,000,000,000	139,855,750	1,398,557,500	Exercising employee stock option	None	Note 19
July 2017	10	200,000,000	2,000,000,000	139,870,750	1,398,707,500	Exercising employee stock option	None	Note20

Month/Year	Par value (NT$)	Authorized capital		Paid-in capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Others
Oct. 2017	10	200,000,000	2,000,000,000	139,913,621	1,399,136,210	Exercising employee stock option	None	Note 21
July 2019	10	250,000,000	2,500,000,000	140,386,871	1,403,868,710	Exercising employee stock option	None	Note 22
Nov 2019	10	250,000,000	2,500,000,000	141,633,539	1,416,335,390	Employee stock option Execution of vouchers and conversion of convertible corporate bonds	None	Note 23
Aug. 2020	10	250,000,000	2,500,000,000	141,865,789	1,418,657,890	Exercising employee stock option	None	Note 24
Oc. 2020	10	250,000,000	2,500,000,000	151,289,882	1,512,898,820	Employee stock option Execution of vouchers and conversion of convertible corporate bonds	None	Note 25
Jan. 2021	10	250,000,000	2,500,000,000	157,043,855	1,570,438,550	Employee stock option Execution of vouchers and conversion of convertible corporate bonds	None	Note 26
Apr. 2021	10	250,000,000	2,500,000,000	157,067,355	1,570,673,550	Exercising employee stock option	None	Note 27

Note 1: Letter of Approval, dated 11/27/2009, Fu-Tsen-Yie-Shan-Zi No.09891131200.
Note 2: Letter of Approval, dated 12/18/2009, Gin-Sho-Shan-Zi No.09801290060.
Note 3: Letter of Approval, dated 02/09/2010, Gin-Sho-Shan-Zi No.09901029260.
Note 4: Letter of Approval, dated 03/17/2010, Gin-Sho-Shan-Zi No.09901050740.
Note 5: Letter of Approval, dated 12/22/2010, Gin-Sho-Shan-Zi No.09901281880.
Note 6: Letter of Approval, dated 06/09/2011, Gin-Sho-Shan-Zi No.10001115870.
Note 7: Letter of Approval, dated 11/08/2012, Gin-Sho-Shan-Zi No.10101231660.
Note 8: Letter of Approval, dated 10/11/2013, Gin-Sho-Shan-Zi No.10201208320.
Note 9: Letter of Approval, dated 10/17/2014, Gin-Sho-Shan-Zi No.10301216930.
Note 10: Letter of Approval, dated 01/26/2015, Gin-Sho-Shan-Zi No.10401007850.
Note 11: Letter of Approval, dated 04/24/2015, Gin-Sho-Shan-Zi No.10401068910.
Note 12: Letter of Approval, dated 07/23/2015, Gin-Sho-Shan-Zi No.10401147860.
Note 13: Letter of Approval, dated 10/14/2015, Gin-Sho-Shan-Zi No.10401214610.
Note 14: Letter of Approval, dated 01/08/2016, Gin-Sho-Shan-Zi No.10501000920.
Note 15: Letter of Approval, dated 04/14/2016, Gin-Sho-Shan-Zi No.10501069930.
Note 16: Letter of Approval, dated 08/03/2016, Gin-Sho-Shan-Zi No.10501170840.
Note 17: Letter of Approval, dated 10/18/2016, Gin-Sho-Shan-Zi No.10501243740.
Note 18: Letter of Approval, dated 01/17/2017, Gin-Sho-Shan-Zi No.10601006010.
Note 19: Letter of Approval, dated 04/19/2017, Gin-Sho-Shan-Zi No.10601049020.
Note 20: Letter of Approval, dated 07/18/2017, Gin-Sho-Shan-Zi No.10601101290.
Note 21: Letter of Approval, dated 10/20/2017, Gin-Sho-Shan-Zi No.10601143210.
Note 22: Letter of Approval, dated 07/01/2019, Gin-Sho-Shan-Zi No.10801077540 and dated 07/24/2019, Gin-Sho-Shan-Zi No. 10801088920.
Note 23: Letter of Approval, dated 11/04/2019, Gin-Sho-Shan-Zi No.10801138690.
Note 24: Letter of Approval, dated 08/03/2020, Gin-Sho-Shan-Zi No.10901132660.
Note 25: Letter of Approval, dated 10/14/2020, Gin-Sho-Shan-Zi No.10901195090.
Note 26: Letter of Approval, dated 01/15/2021, Gin-Sho-Shan-Zi No.11001009100.
Note 27: Letter of Approval, dated 04/28/2021, Gin-Sho-Shan-Zi No.11001063840.

Unit: share

Type of shares	Authorized Capital			Remark
	Outstanding Shares (note)	Unissued shares	Total Shares	
Registered common stock	157,284,855	92,715,145	250,000,000	

Note 1: The Company's stocks are listed stocks.
Note 2: The Company's repurchase of treasury shares are 1,000,000 shares.
Note 3: Including the 217,500 shares of the employees' stock options which have been exercised but yet to be registered, as of the book closure starting date.

(2) Status of Shareholders

April 18, 2021
Unit: person/share

Shareholder structure / Number	Government	Financial institute	Other juristic person	Individual	Foreign institute and individual	Treasury stock	Total
Number of Shareholders	0	4	38	11,140	69	1	11,252
Shareholding (shares)	0	8,086,961	11,122,258	99,429,829	37,645,807	1,000,000	157,284,855
Percentage	0.00%	5.14%	7.07%	63.22%	23.93%	0.64%	100.00%

Note: The Company has no shareholders with natural or legal entitites from Mainland China.

(3) Shareholding Distribution Status

Common stocks

April 18, 2021

Class of Shareholding (Unit: Share)	Number of shareholders	Shareholding (Shares)	Percentage (%)
1 - 999	2,683	248,405	0.16
1,000 - 5,000	6,628	12,838,908	8.17
5,001 - 10,000	916	7,224,996	4.59
10,001 - 15,000	305	3,873,105	2.46
15,001 - 20,000	170	3,152,073	2.00
20,001 - 30,000	159	4,046,914	2.57
30,001 - 40,000	98	3,497,498	2.22
40,001 - 50,000	51	2,338,110	1.49
50,001 - 100,000	114	7,887,035	5.01
100,001 - 200,000	51	7,131,674	4.53
200,001 - 400,000	30	8,382,377	5.33
400,001 - 600,000	16	7,787,236	4.95
600,001 - 800,000	9	6,290,015	4.00
800,001 – 1,000,000	9	8,607,507	5.47
Over 1,000,001	13	73,979,002	47.05
Total	11,252	157,284,855	100.00

(4) List of Major Shareholders (holding more than 5% of the total shares or top ten shareholders, with their names, number of shsares held and the shareholding ratios)

April 18, 2021 Unit: share

Shares / Shareholder	Shareholding	Percentage
Princeton Healthcare Limited	28,257,983	17.97%
Tien-Ying, Lee	9,413,985	5.99%
Indeed Co., Ltd.	7,219,000	4.59%
Pei-Lin, Lee	5,682,151	3.61%
Fubon Life Insurance Co., Ltd.	5,389,961	3.43%
Shui-Cheng Tu	4,878,033	3.10%
Su-Ching Chen	2,862,808	1.82%
Yan-Xian Lu	2,300,000	1.46%
Yong Jin Shan Co., Ltd.	1,900,000	1.21%
TransGlobe Life Insurance Inc.	1,880,000	1.20%

(5) Market Price, Net Worth, Earnings, and Dividends per Share and related information for the last two years

Unit: NTD: per thousand shares

Item / Year			2019	2020	As of March 31 of the year
Market price per share	Highest		52.80	48.60	40.05
	Lowest		30.40	27.65	34.20
	Average		40.27	38.87	37.15
Net worth per share	Before distribution		36.71	37.47	38.12
	After distribution		34.71	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		139,707	144,957	156,052
	Earnings per share		2.83	2.53	0.67
Dividends per share	Cash dividends		2.0	(Note 1)	—
	Stock dividends	—	—	(Note 1)	—
		—	—	(Note 1)	—
	Retained dividends		—	(Note 1)	—
ROI analysis	Price / Earnings Ratio (Note 2)		14.23	15.36	—
	Price / Dividend Ratio (Note 3)		20.14	(Note 1)	—
	Cash Dividend Yield Rate (Note 4)		0.05	(Note 1)	—

Note 1: Based on the resolution of the Shareholders' Meeting of the following year; however the distribution of 2020 earnings hasn't been ratified by the Shareholders' Meeting.
Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share
Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share
Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

(VI) Company dividend policy and implementation

1. Dividend policy

The Company's earnings, if any, should be applied to pay tax and make up for losses, and then appropriate 10% legal reserve from the remaining amount thereafter. However, when the legal reserve is equivalent to the paid-in capital of the Company, the appropriation of legal reserve could be ceased. In addition, special reserve will be appropriated or reversed according to law and regulations. The remaining amount, if any, plus the accumulated undistributed earnings of previous years will be available for Rear, so at least 50% of the said amount should be appropriated according to the proposal of the Board of Directors; also, when issuing new shares, it should be presented in the shareholders meeting

for resolutions.

In accordance with the Company Law, the Company authorizes the Board send two-thirds of directors to attend, and upon resolution by more than half of the attended shareholders, distribute dividends and bonuses or all or part of the statutory surplus reserve and capital reserve provided for in Paragraph 1, Article 241 of the Company Law by way of cash distribution and report to the shareholders' meeting.

The Company's business development is growing currently, and the distribution of dividend and bonus is with the comprehensive dividend policy planned for the distribution of stock dividends and cash dividends appropriately. The Company's dividend amount is based on having cash dividends accounted for 20% ~ 100% of the total dividends distributed in the current year. However, the actual distribution ratio will be adjusted depending on the actual profitability of the current year and the future capital planning.

2. The proposed dividend distribution in this shareholders meeting

The Company's 2020 earnings distribution proposal was resolved by the Board of Directors on March 19, 2021 with the cash dividend of NT$2.01 per share for a total of NT$313,648,149, which will be distributed after the resolution reached in the 2021 annual shareholders' meeting.

3. The expected significant changes in the dividend policy: None.

(VII) The impact of the stock dividend proposed in the shareholders meeting on the company's operating performance and earnings per share

The Company's 2020 earnings distribution proposal was resolved by the Board of Directors on March 19, 2021 with cash dividend of NT$2.01 per share to be distributed; therefore, no stock dividend was to be distributed and on impact resulted.

(VIII) Remuneration to employees, directors, and supervisors

1. The percentage or scope of remuneration to employees, directors, and supervisors as stipulated in the Company's Articles of Association

If the Company makes a profit in the year (i.e. the net income before tax and before deducting the remuneration to employees and directors) after deducting the accumulated losses, should appropriate 0.5% or more of the earnings as remunerations to employees and 5% or less of the earnings as remunerations to directors. The aforementioned remuneration to employees and directors shall be resolved in the board meeting with the attendance of more than two-thirds of the directors and the consent of the majority of the attending directors, which should be reported in the shareholders meeting. The remuneration to employees is paid with stock shares or in cash. The employees of the subsidiaries who have met certain conditions are also entitled to the said remunerations. The Chairman is responsible for stipulating the remuneration distribution plan.

2. The estimation basis for the remuneration to employees, directors, and supervisors in the current period, the basis for the calculation of stock dividend to employees, and the accounting treatment for the difference between the actual distribution amount and the estimated amount

The estimation basis for the remuneration to the Company's employees and directors and the basis for the calculation of stock dividend are based on a certain percentage as stipulated in the Articles of Association, which are recognized as expenses and liabilities. When there is a significant difference between the distribution amount resolved by the Board of Directors and the estimated amount, it should be adjusted retrospectively to the profit or loss of the current year. When there is a difference between the actual distribution amount resolved in the shareholders meeting and the estimated amount, it should be adjusted to the profit or loss of the following year.

3. The distribution of remuneration resolved by the Board of Directors

(1) It had been resolved in the board meeting on March 19, 2021, but is yet to be reported in

the 2021 annual shareholders meeting.

The remuneration to employees, directors, and supervisors approved by the Board of Directors is as follows:

Distribution item	Amount (NTD)
Cash dividend to employees	200,000
Stock dividend to employees	None
Remuneration to directors and supervisors	5,600,000

The proposed remuneration to employees and directors and supervisors is not different from the estimated amount in 2020.

(2) The amount of stock dividend distributed to employees and its ratio to the net income and total remuneration to employees on the only or individual financial report.

The Company's remuneration to employees was resolved by the Board of Directors on March 19, 2021 without stock dividend planned; therefore, it is not applicable.

4. The actual distribution of remuneration (including the distributed number of shares, amount, and stock price) to employees, directors, and supervisors in the previous year, and if it is different from the remuneration to employees, directors, and supervisors recognized, the amount of difference, the cause, and the handling of the difference should be detailed.

For the 2019 earnings distributions proposal resolved in the annual shareholders meeting on June 12, 2020, the actual cash dividend and stock dividend to employees, and remuneration to directors and supervisors are as follows:

Distribution items	Amount (NTD)
Cash dividend to employees	195,347
Stock dividend to employees	None
Remuneration to directors and supervisors	5,600,000

The aforementioned dividend distribution is not different from the estimated amount in 2019 and the resolution of the Board of Directors on March 23, 2020.

(IX) The stock shares repurchased by the company: None.

II. Bonds

(I) Corporate bond issuance

Type of corporate bond	The 4th domestic secured convertible corporate bond
Issuance (handling) date	August 4, 2020
Face value	NT$100,000
Place of issuance and transaction	Domestic
Issuance price	Issued at 101% of the par value
Total amount	NT$1,500,000,000
Interest rate	0%
Term	5-year Due date: August 4, 2025
Guarantee agency	First Commercial Bank CTBC Bank Taipei Fubon Bank
Trustee	Bank SinoPac
Underwriting institution	Fubon Securities Co., Ltd.
Certification Lawyer	Handsome Attorneys-at-Law Lawyer Yawen Qiu
Certification CPA	PricewaterhouseCoopers (PwC) Taiwan Yu-Fang Yen, CPA/Pei-Lin Tu, CPA
Repayment method	According to the provisions of Article 6 of the Rules Governing the Transfer of Corporate Bonds, except for that the holder of the convertible corporate bond has it converted into the common stock shares of the Company in accordance with Article 10 of the Rules, or the Company has it redeemed in advance according to Article 18 of the Rules, or has it redeemed from TPEx and canceled, the Company will pay in cash for 102.525% of the face value (actual yield rate 0.5%) of the convertible corporate bonds that are held by the bondholders at the maturity date.
Unpaid principal	NT$1,500,000,000
Redemption or early payment terms	Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Restrictions	Please refer to the Company's 4th domestic secured convertible corporate bond issuance and conversion rules.
Names of credit rating agencies, evaluation dates, corporate bond evaluation results	Not applicable

Type of corporate bond		The 4th domestic secured convertible corporate bond
Other rights attached	Common stock amount, overseas depositary receipts, or other securities that have been converted (exchanged or subscribed) as of the annual report printing date	None of the creditors has exercised conversion of the convertible corporate bonds so far.
	Issuance and Conversion (stock exchange or subscription) Rules	Please refer to the company's 4th domestic secured convertible corporate bond issuance and conversion rules.
The issuance and conversion, stock exchange or subscription method, and the impact of the issuance conditions on possible dilution of equity and existing shareholders' equity		When the remaining corporate bonds are converted into common stock shares entirely based on the existing conversion price, additional 27,829,313 shares should be issued, and the share capital expansion rate is 17.69%, which has limited impact on the existing shareholders' equity.
Name of the depository agency for the exchange subject matter		Not applicable

(II) Convertible corporate bond information

Type of corporate bond		The 4th domestic secured convertible corporate bond		
Item \ Year		2019	2020	As of March 31 of the year
Convertible corporate bond market price	Max.	—	112.50	115.00
	Min.	—	104.70	106.05
	Average	—	107.80	111.54
Conversion price		—	53.9	53.9
Issuance (handling) date and conversion price at the time of issuance		—	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9	Issuance date: August 4, 2020 Conversion price at the time of issuance: NT$53.9
Performance of conversion obligation		—	Issuing of new stocks	Issuing of new stocks

(III) Exchangeable Bonds

None.

(IV) Shelf Registration for Issuing Bonds

None.

(V) Corporate Bonds with Warrants

None.

III. Preferred Stock Issuance

None.

IV. Global Depository Receipts

None.

V. Employee stock options and new restricted employee shares

(I) The outstanding employee stock options of the company and its impact on shareholder's equity

April 18, 2021

Type of employee stock options	First employee stock option in 2017
Effective filing date	August 24, 2017
Issuance (handling) date	April 13, 2018
Number of units issued	2,000 units
Ratio of shares to be subscribed to total shares issued	1.27%
Subscription period	7 years
Performance method	Issuing of new stocks
Restrict subscription period and ratio (%)	Subscriber with stock option for two years may exercise stock subscription rights according to the following schedule and ratio: Stock options Schedule Ratio (cumulative) 2 years 25% 3 years 50% 4 years 75% 5 years 100%
Number of shares obtained	500,500 shares
Shares amount obtained	NT$ 15,590,400
Number of shares not subscribed	1,404,750 shares
The price per share of shares not subscribed	NT$30.5
Ratio of shares not subscribed to total shares issued (%)	0.89%
Impact on shareholder's equity	The stock options can be exercised after two years from the issuance date. The original shareholder's equity will be diluted year by year, which will not have a significant impact.

(II) The names, acquisitions, and subscriptions of the managers with stock options and the top-ten employees with cumulative stock options for stock subscription as of the annual report printing date

1. The first employee stock option in 2017

April 18, 2021 Unit: NT$ thousands (unless otherwise stated); 1,000 shares

Job Title		Name	Number of shares obtained	Ratio of shares acquired to total shares issued	Implemented				Not Implemented			
					Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued	Number of shares subscribed	Subscription price	Subscription amount	Ratio of shares subscribed to total shares issued
Managers	General Manager	Pei-Lin, Lee	210	0.13%	22.50	NT$30.5 (Note 2)	686.25	0.01%	187.50	NT$30.5 (Note 2)	5,718.75	0.12%
	Vice President	Tien-Ying, Lee (Note 1)										
	Chief Executive Officer, Oncology Business Group	Yee-Min Jen										
	COO	Ming-Lun Lee										
	CFO	Yi-Chun Chen										
Employees	Vice President	Zhongming Zhuang	565	0.36%	101.25 98.25	NT$31.9 NT$30.5 (Note 2)	6,226.50	0.13%	365.50	NT$30.5 (Note 2)	11,147.75	0.23%
	Vice President	Minzong Zhuang										
	Junior Vice President	Fangqin Zhang										
	Junior Vice President	Mingfa Hsieh										
	Special Aide	Guixiang Huang										
	Manager	ShiShon Sang										
	Manager	Shihong Dai										
	Manager	Suhua Luo										
	Assistant Manager	Wenbo Lu										
	Superintendent	Jiaxuan Wu										

Note1: In response to the Group's restructuring, Vice President of Overseas Business Dept., Tien-Ying Lee, was discharged on March 19, 2021.

Note 2:In response to the 2020 dividend distribution, the Company adjusted the employee stock option price from NT$31.9 to NT$30.5 on July 18, 2020 according to the Company's "Rules Governing the Issuance of Employee Stock Option."

Note 3: The number of shares issued as of April 18, 2021 was 157,284,855 shares.

(III) Issuance of new restricted employee shares

The Company did not issue new restricted employee shares as of the annual report printing date.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions

None.

VII. Financing Plans and Implementation

The Company has no issuance of securities or outstanding private placement of securities, or the issuance of private placement of securities have been completed in the last three years without significant effect resulted as of the last quarter prior to the annual report printing date.

Five. Operational Highlights

I. Business Activities

(I) Business Scope

1. The Company: General investment industry
2. The Group

(1) Main content of the business

Engaged in the distribution, repair and maintenance, and lease of the equipment for radiation oncology, neurology, medical imaging, ophthalmology, and surgery/surgical service, and the sale of related parts, consumables, and medicines.

(2) Business ratio

Unit: NT$ thousands

Products	2020	
	Amount	Business ratio
Sales of equipment for radiation oncology and neurology	915,416	35.83%
Other sales	170,582	6.68%
Medicines sales	159,761	6.25%
Rental revenue	1,067,656	41.79%
Service revenue	241,496	9.45%
Total	2,554,911	100.00%

(3) The Group's products (services)

① Products (services)

A. Radiation oncology equipment brands for distribution: Elekta, PTW, GE, Ashland, C-RAD, IBA, and Klarity Medical.
B. Neuroscience equipment brands for distribution: Elekta, Megin, Leica, Hillrom, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical, and Adventech.
C. Medical imaging equipment brands for distribution: Swissray and GE.
D. Ophthalmology equipment brands for distribution: Bausch+Lomb, Ellex, Leica, PhysIOL, Wexler, Hillrom (Welch Allyn) and Albomed.
E. Distribution of Nippon Electric Glass Co., Ltd. lead glass for medical use.
F. Voluntary R&D information system sales and collaboration: iROIS.
G. Maintenance, repair, technical consultation, system upgrade, and parts replacement of distributed equipment.
H. Collaboration with equipment for radiation oncology, neuroscience, and medical imaging: Including medical equipment, instruments, consumables, information software and hardware, and other specific equipment collaboration for all divisions, site planning, radiation shielding calculation, radiation information consultation, and management services.
I. Collaboration with equipment for ophthalmology: Including medical equipment, surgical instruments, information software and hardware, and other specific equipment collaboration for hospital ophthalmology departments and ophthalmic clinics, site planning, information consultation, and management services.
J. Professional consultation: Provide relevant evaluations on the establishment, procurement, and update of medical device and equipment, consultation on the establishment of relevant software and hardware for medical institutions, and consultation on the construction of large medical equipment.
K. Medicine sales: Supply medicines needed by hospitals.

② Distribution product brand and item

A. Radiation oncology

Distribution brands	Products
Elekta	Radiation oncology digital linear accelerator MRI linear accelerator Image-guided radiotherapy Electronic medical information management system Computer treatment planning system Radiotherapy patient fixation equipment Ultrasound image-guided radiotherapy system Remote after-loading intracavitary brachytherapy system Intracavitary brachytherapy device X-ray simulator Integrated X-ray intracavitary brachytherapy special photography system Low-dose prostate tissue interstitial implantation treatment system
PTW	Radiotherapy quality confirmation equipment Radiological diagnostic quality confirmation equipment Radiation calibration measurement system equipment
GE	Computer tomography simulation positioning X-ray camera
Ashland	Self-display dose verification film for quality validation
C-RAD	Radiotherapy laser scanning instant positioning system
IBA	Proton therapy system
Klarity Medical	Radiation oncology patient peripheral equipment

B. Neuroscience

Distribution brands	Products
Elekta	Leksell gamma knife – stereotactic radiosurgery system Stereotactic radiosurgery system
Megin	Magnetoencephalography (MEG) system
Leica	Surgical microscope
Hillrom	Operating table, surgical lamp, surgical column Patient positioning accessories during surgery Surgery-related smart products and solutions
IMRIS	MRI hybrid surgical theatre
Sony	NUCLeUS
Crownjun	Surgical sutures and instruments
CAScination	Stereotactic navigation system
Cyberdyne	Hybrid Assistive Limb
Medicapture	Medical image processing system
Microtek Medical	Surgical microscope sterilization set
Adventech	Smart medical products

C. Medical imaging

Distribution brands	Products
Swissray	Digital X-ray imaginary diagnostic system
GE	Computed tomography system Nuclear magnetic resonance imaging system Nuclear medical imaging system Positron tomography system Digital mammography system

D. Ophthalmology

Distribution brands	Products
Bausch+Lomb	Excimer laser system Corneal flap femtosecond laser system Cataract femtosecond laser system Corner template cutter
Ellex	Ophthalmoscope laser
Leica	Surgical microscope
PhysIOL	Artificial intraocular lens
Wexler	Surgical microscopy instruments
Hillrom (Welch Allyn)	Handheld vision screener
Albomed	Artificial vitreous

(4) New products (services) to be developed by the Group

①Medical service cooperation (equipment collaboration and technical training transfer).

②MRI linear accelerator (MR-Linac).

③Expand the scope of application of the cooperative medical department of medical institutions.

④Development of the elderly care business.

⑤Development of health and well-being business.

⑥Development of radiarion sterilization business (X-ray sterilization & electron irradiation sterilization).

(II) Industry overview

1. The Company

The Company is an investment holding company. The subsidiaries of the Company are mainly engaged in medical equipment distribution, leasing, and services. Through the holding platform, the Company combines professionals and technical services in various medical fields, and integrates logistics management operations to reduce operating costs, so business performance has been growing stably since its incorporation. The Company will continue to lead the industry and increase profits with an operating model of medical industry holdings, and become a leader in the medical service business internationally.

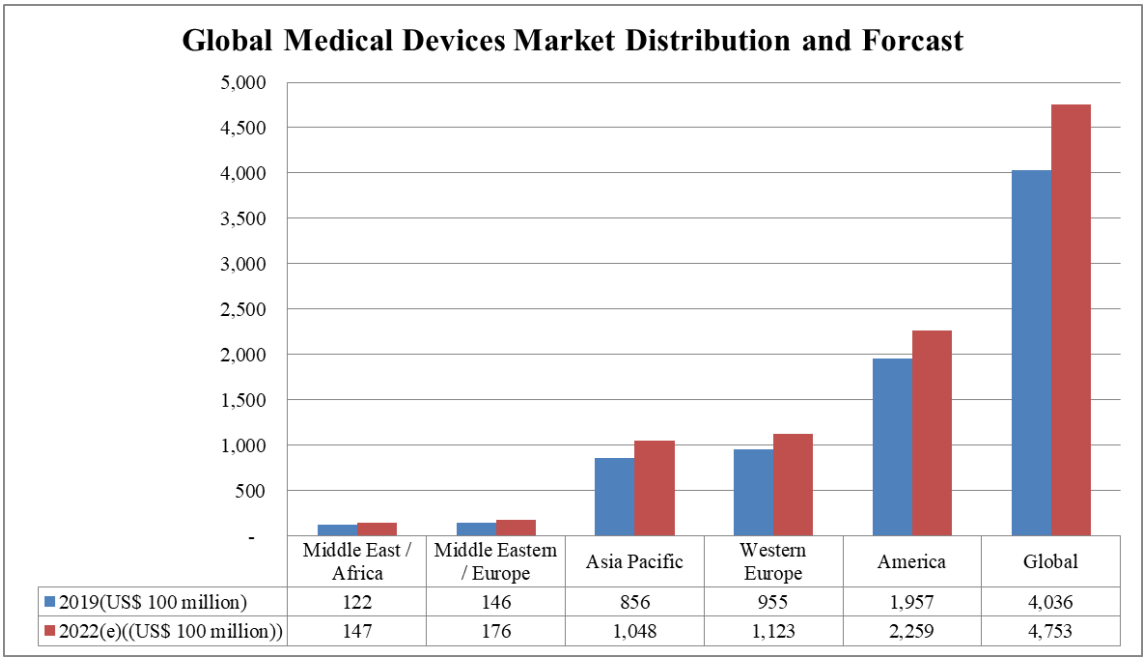
2. The Group

(1) Current status and development of industry

The medical equipment industry covers a wide range of products. The “2020 Medical Devices Industry Yearbook” by referring to the Taiwan Pharmaceutical Affairs Act and the “Medical Equipment Classification” announced in 2000 has medical

equipment divided into medical equipment for diagnosis and monitoring, medical equipment for surgery and treatment, medical equipment for patient aid and recovery, equipment for in vitro diagnosis, and other medical equipment other than the above categories. The Group organized by the Company and its subsidiaries focuses on the sale and collaboration of medical equipment for surgery and treatment, as well as the medical imaging equipment for diagnosis and monitoring. The radiation oncology equipment is mostly large medical device with relatively high technology aspect and mainly imported. For the sake of safety and accuracy of diagnosis, the brand has become the main consideration factor. Such products are usually subject to very high technological thresholds and, therefore, the relevant manufacturers are highly centralized. That is, the market is monopolized by few manufacturers.

Since the types of technologies related to the production of medical devices include electronics, electrical engineering, biotechnology, biochemistry, medical engineering, measurement and chemical engineering, etc., the research and development period is long and the product validation and clinical testing are needed, especially high-end medical equipment requires precision technology. Product distribution requires a large amount of working capital, and the medical equipment license application is time-consuming, regardless of production or distribution, and the barriers of market entry are quite high. As far as the market is concerned, the medical equipment industry is deeply affected by government policies. The medical insurance policy directly affects market demand. Also, the medical product certification and medical insurance payment system is slightly different in each country; therefore, it is difficult to enter the market. However, once the product is successfully introduced into the market, its profits are also higher than those of other industries due to the protection of patents and certifications and the long product life cycle.



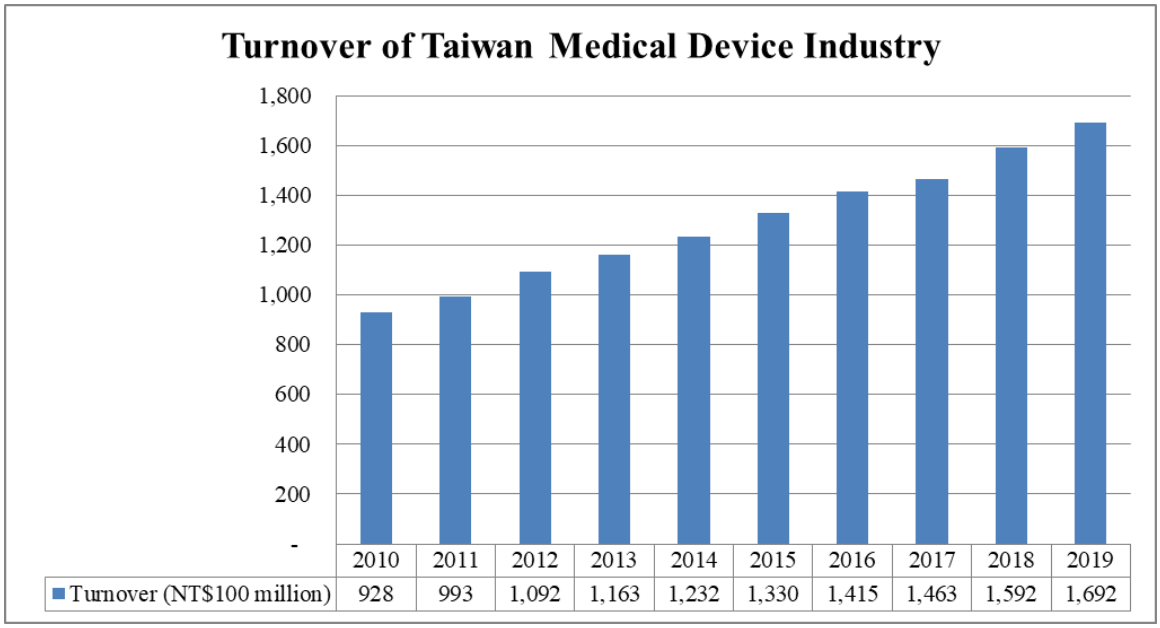
	Middle East / Africa	Middle Eastern / Europe	Asia Pacific	Western Europe	America	Global
2019(US$ 100 million)	122	146	856	955	1,957	4,036
2022(e)((US$ 100 million))	147	176	1,048	1,123	2,259	4,753

Source: 2020 Biotechnology Industry in Taiwan

According to the 2020 Biotechnology Industry in Taiwan (as shown above), the global medical device market in 2019 was US$403.6 billion and is expected to reach US$475.3 billion in 2022. The compound annual growth rate (CAGR) from 2019 to 2022 is approximately 5.6%. In terms of region, the overall top-three ranking remains America (48.5%), Western Europe (23.7%), and Asia Pacific (21.2%).

The America region has long been a leader in the global medical device market and is considered to be due to its growing medical care demand driven by the increasing elderly population. The market scale and share were both declining in Western Europe in 2019 from 2018, primarily as a result of the impact posed by the US-China Trade War to the global economic growth, in addition to the Brexit and sluggish economic growth of Germany in Europe. The declining economic growth occurring throughout the Western Europe generally affected the medical equipment market adversely. The Asia-Pacific region has the highest compound annual growth rate of 7.0% among the top three markets, which is also higher than the compound annual growth rate of the world, due to the double profit engines, namely increasing medical care demand for elderly people and rising of emerging countries. Therefore, the medical device market in the Asia Pacific region has considerable development potential.

In terms of medical equipment market in Taiwan, the turnover in 2019 was approximately NT$169.2 billion, an increase by 6.3% from 2018. It has been grown continuously in the last ten years (as shown below). The CAGR from 2010 to 2019 is 6.9% as high as that for the Asia-Pacific region. Therefore, the medical equipment industry may be considered as one of the industries with growth potential.



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Turnover (NT$100 million)	928	993	1,092	1,163	1,232	1,330	1,415	1,463	1,592	1,692

Source: 2020 Biotechnology Industry in Taiwan

According to the Taiwan customs data, the import value of medical equipment in Taiwan was NT$85.58 billion in 2019, growing by 10.7% significantly from 2018. Besides this, in the last five years, the import value of medical equipment in Taiwan has also increased annually. The importing countries are mainly Europe, the United States, and Japan. The imported products are mostly high-end medical products of leading brands in the advanced countries, which Taiwan is still unable to produce and market independently, for example, radiation oncology equipment, medical imaging high-end equipment, surgical treatment equipment, etc. It is expected that the import items will be the same if Taiwan's industrial structure has not been changed significantly.

Although the size of the domestic market is not as large as that of Europe and the

United States, the domestic market demand and per capita medical supplies consumption are increasing year by year due to the aging population structure and the expectation of the public in medical care quality. In particular, with the aging population and the increasing demand for medical care driven by the increase in chronic diseases, under the healthcare system, the demand for overall medical resources is significant, the public's demand for medical quality and services has increased, and the growing demand for self-funded plastic surgery and ophthalmology, the demand for imported high-end novel medical supplies is also quite high. With the growth of domestic demand, it is expected that the growth of imported medical supplies will continue to grow in the future.

In terms of Chinese market for medical equipment, in 2019, China's medical equipment market reached US$27.6 billion, an increase of 9.7% from 2018. It is the fourth largest market in the world and the second largest market in Asia. In the future, with the reform of China's medical policy and the investment of related medical resources, the overall medical market demand will continue to expand, and it is expected to drive the growth of the medical device industry. Supported by policy and the huge domestic demanding market, the Chinese medical device market is estimated to reach US$36.53 billion in 2022, with the CAGR by 9.8% from 2019 to 2022, and the growth is quite strong.

In terms of Southeast Asian market, according to the IEKConsulting report in 2017, the total medical expenditure of ASEAN and South Asia was US$269.8 billion, and the CAGR is expected to reach 9.1% in the next five years. The total medical expenditure in 2022 will reach US$443.9 billion. Among the 10 ASEAN countries, the medical equipment markets of Singapore, Thailand, Malaysia, the Philippines, Indonesia, and Vietnam are the most concerned. In terms of per capita medical expenditure and medical equipment market growth potential in each country, the per capita medical expenditure of Vietnam, the Philippines, and Indonesia are less than US$150; especially the US$136 of Indonesia is the lowest. Indonesia has the population amounting to 270 million persons, the largest population in the Southeast Asia. The Indonesian government has implemented the National Health Insurance Plan (BPJS) since 2014, making it become the medical care market emerging globally. Considering that the health insurance is gradually being popularized and the local medical demand is huge, it is foreseeable that the market has great potential for development.

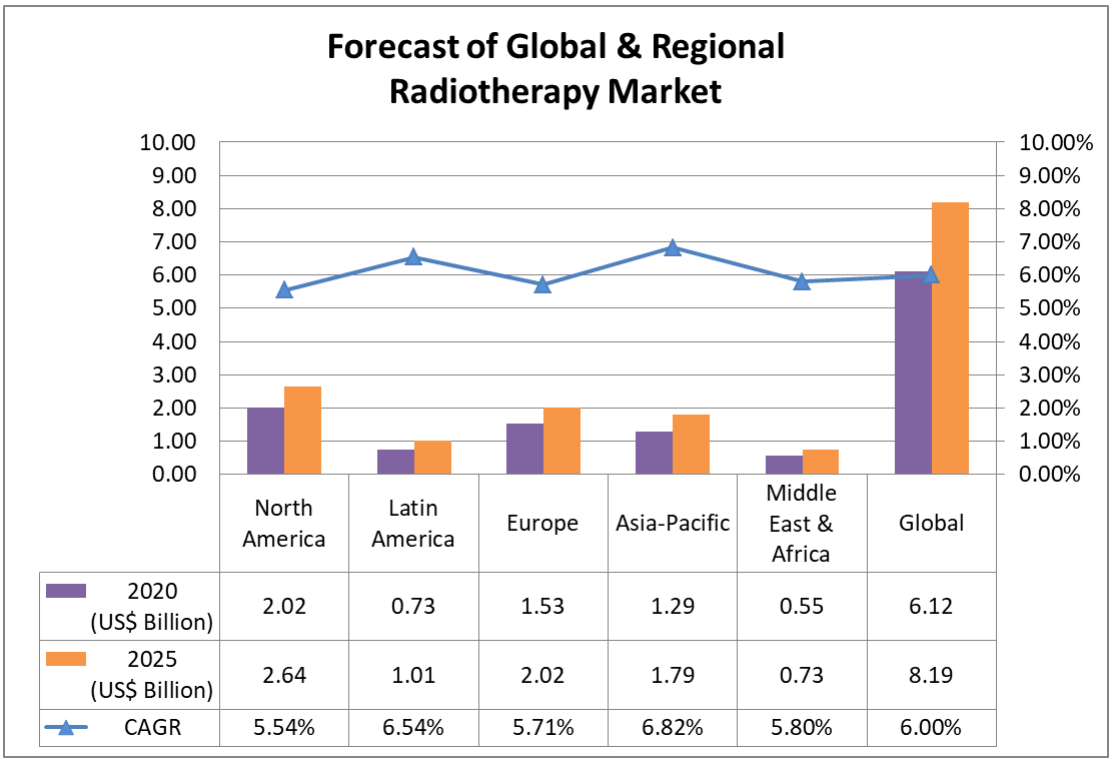
The medical equipment industry is with a wide range of products and detailed classification. The Group currently focuses on the sale and collaboration of medical equipment and consumables for radiation oncology, neuroscience, medical imaging, and ophthalmology.

① Radiation oncology and neuroscience

A. Global radiotherapy market conditions

As shown below, Market Data Forecast indicates that the global radiotherapy market value is expected to grow from US$6.12 billion in 2020 and reach US$8.19

billion in 2025, i.e. CAGR by 6.00%. In consideration of the impact posed by outbreak of COVID-19 at the beginning of 2020, a lot of cancer patients' treatment plans were delayed or canceled. Some medical institutions/hospitals ceased to operate or turned to act as the designed hospital dedicated to the epidemic prevention. Notwithstanding, said critical condition was relieved after the various countries were lifting their lockdown policies successively. It is expected that the global radiotherapy market will be back to the normal condition in 2021. With the rapidly advanced technology in treating cancer and increasing cancer patients, North America is expected to remain a market leader by region, with a market value accounting for over 30% of the global market value, followed by Europe, Asia-Pacific, Latin America, the Middle East & Africa in that order. Among the other things, the Asia-Pacific region benefited from the growing maturity of the medical infrastructure and various countries' policies tending to be sounder. Besides this, in consideration of the increasing occurrence of cancer, it is considered as the market with the strongest growth in 2020–2025 for the CAGR by 6.82% which is much higher than the global average with a bright future expected.



	North America	Latin America	Europe	Asia-Pacific	Middle East & Africa	Global
2020 (US$ Billion)	2.02	0.73	1.53	1.29	0.55	6.12
2025 (US$ Billion)	2.64	1.01	2.02	1.79	0.73	8.19
CAGR	5.54%	6.54%	5.71%	6.82%	5.80%	6.00%

Source: Market Data Forecast

B. Global radiotherapy system equipment market share

The global radiotherapy equipment linear accelerator market is an oligopoly market. The two major manufacturers, the Swedish brand Elekta and the American brand Varian, secured nearly 90% market share in the world. Further analyzing the market share, Varian has an advantage in America; also, the two brands share the European market and Asian market equally.

In addition to the linear accelerator that is currently popular in all advanced countries, Elekta and Philips have collaborated to create the world's first MRI linear accelerator. The head is mounted in a ring-shaped device that shields the

magnetic field, avoiding the interference of magnetic field on the accelerator head. Under the circumstance, physicians are able to obtain clear MRI images in radiotherapy that help improve treatment accuracy. Moreover, MRI images have advantages over CT imaging in soft tissues and can avoid unnecessary medical radiation therefore, it is an exclusive product fairly competitive in market. Presently, the Group has included the product portfolio for active promotion.

In addition, proton therapy has been gradually introduced in recent years. The advantage of proton therapy is that it can effectively damage cancer cells while reducing the damage to normal tissues. When proton rays pass through the tissues, only less energy is released on the path of crossing when reaching the specific depth where the tumor located with a large amount of energy released to fight the cancer cells and to significantly reduce the amount of radiation received by the normal tissues behind the tumor. At the same time, the doctor can arrange a customized treatment plan for each patient according to his/her physical condition and treatment needs in order to effectively improve the cure rate and reduce the treatment-related side effects, which is a piece of great news to all cancer patients.

According to the information released by IBA, the leader in proton therapy technology, in the recent years, about 16,000 patients worldwide have received proton therapy annually. It is expected that in 2030, the number of proton therapy patients will grow to 300,000 per year, which shows that the supply of existing proton therapy resources is far lower than the market demand, and it is expected that there is still huge room for growth in the future.

At present, the mainstream of domestic radiation oncology equipment is Elekta, Varian, and Accuray (has merged TomoTherapy). The Elekta linear accelerator distributed by the Group is with nearly 50% market share in Taiwan, outperforming the main competing brand, Varian. Also, in recent years, Elekta has become the first choice of brand by domestic hospitals which planned to change the equipment in the recent years. Elekta itself has actively invested in research and development and successfully launched the world’s first MR-Linac. At present, the product is exclusively distributed by the Group in the Taiwan market. Apparently, the products distributed by the Group are competitive options in the domestic market and customer procurement considerations. The total brands under which the Company distribute the radiotherapy equipment has secured about 60% market share, indicating that the Group is the main distributor of radiotherapy equipment in Taiwan.

In recent years, the Group has also actively promoted the precision medicine – proton therapy system. The Group hopes that by introducing high-end medical equipment and technical services the public will be able to enjoy more precise treatment, more adequate medical resources, and higher quality medical services in order to improve the overall health and well-being of the citizens. The IBA distributed by the Group is a global leading brand of proton therapy. A majority of patients who undergo the proton therapy apply the IBA system in the world. The Group officially introduced the proton therapy system into Taiwan medical market in 2016 and it had taken up 40% market share in Taiwan by the end of 2019.

As far as the types of radiation oncology equipment are concerned, the products distributed by the Group include radiation oncology linear accelerator and TomoTherapy system, as well as the auxiliary equipment, such as Leksell gamma knife and treatment planning system, and the proton therapy system and

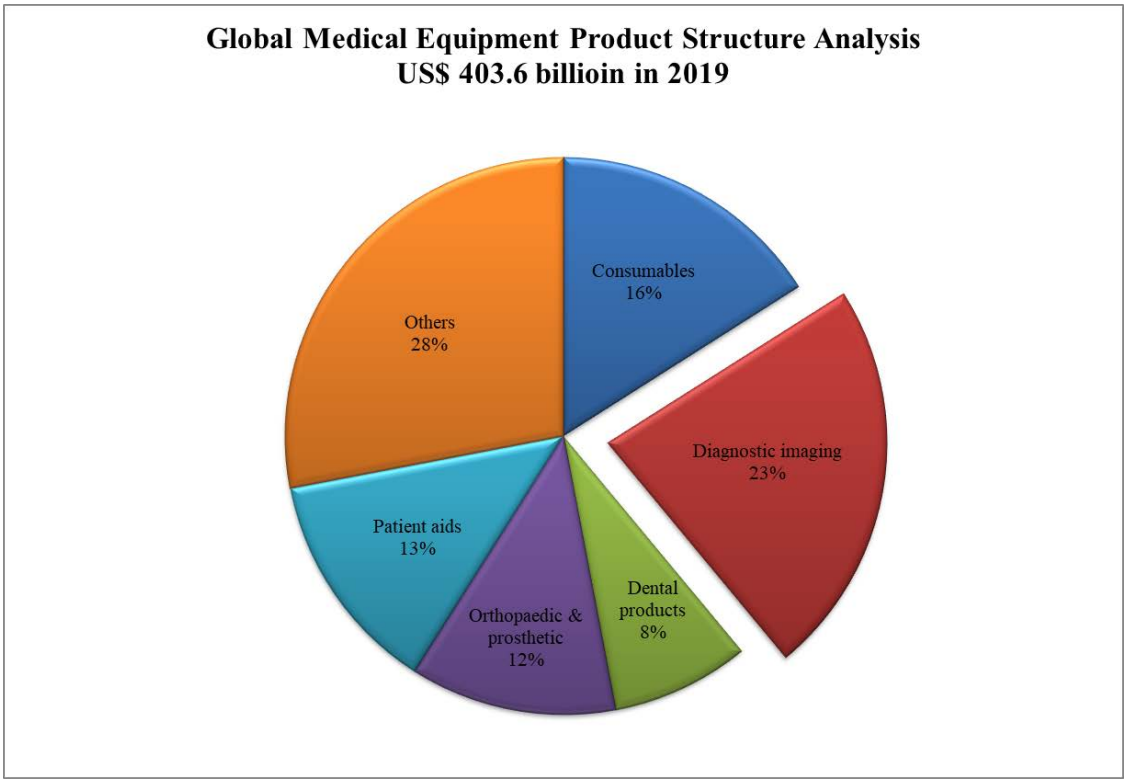
the global exclusive product – MR-Linac introduced in recent years. The product lines provided by the Group are quite complete in depth and breadth and should be able to meet the domestic market demand.

② Medical imaging

A. Diagnostic imaging market development overview

BMI Research has medical device products divided into six categories, namely Consumables, Diagnostic imaging, Dental products, Orthopaedics and Prosthetics, Patient aids, and Others.

As shown below, the category "Others" of the global medical device market accounted for the highest proportion of the global medical supplies market in 2019, while it was not a single item, but a combination of many items. In terms of the largest single category diagnostic imaging product is accounted for 23%. Apparently, the market demand for diagnostic imaging products is very big. Diagnostic imaging products include radiation diagnostic imaging equipment, such as, X-ray machines, computed tomography (CT), and positron emission tomography (PET); non-radiological diagnostic imaging equipment, such as, medical ultrasound screeners and magnetic resonance imaging (MRI); in addition, the parts, accessories, consumables, etc., of diagnostic imaging equipment are also within the scope of such products.



Source: 2020 Medical Devices Industry Yearbook

According to the classification and grading of medical equipment in Taiwan, the medical imaging products distributed by the Group refer to the medical imaging devices included in the medical imaging equipment for diagnosis and monitoring,

such as the device to capture the image of internal structure of the body with on-invasive technology, including ultrasound imaging equipment, computer tomography (CT), X-ray machine, and MRI, etc.

Considering that such device is still s subject to high technical thresholds, Taiwan still relies on the import for the time being. According to the 2020 Medical Devices Industry Yearbook, the import value of medical imaging device in 2019 accounted for 72.7% of that of the medical equipment for diagnosis and monitoring. Notwithstanding, as such devices are mostly expensive and have a significant impact on the diagnosis decisions of medical personnel, hospitals tend to consider international renowned brands, such as GE, Philips and Siemens, as the main consideration when purchasing. The Group serves as the distributor of GE in Taiwan, engaged in distributing the full-range products including computed tomography (CT), magnetic resonance imaging, nuclear medical imaging system, PET/CT scanner, and digital mammography, etc.

B. Diagnostic imaging market development trends and strategies

(A) Technology trends – equipment integration (positron emission tomography combined with computed tomography, positron emission tomography combined with nuclear magnetic resonance), low-dose, portable/mobile, special-purpose equipment development, etc.

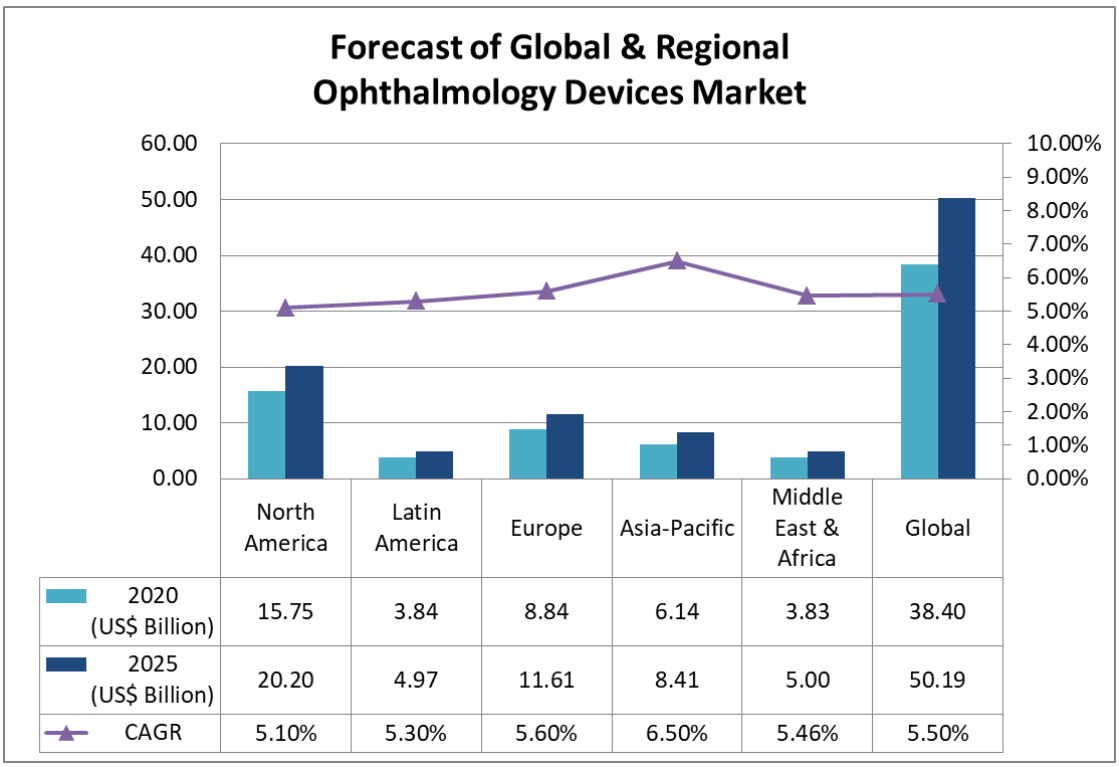
(B) The specification conversion drives the diagnostic imaging equipment market. In addition to the original application, future special-purpose models will continue to be introduced, such as, the application for breast surgery, rehabilitation, plastic surgery, dentistry, and general surgery. The trend of aging population also drives the demand for medical diagnostic imaging equipment.

(C) The Group develops oriented towards intelligence, coupled with the emerging technology, such as AI and big data, to aid the professional medical decision, improve the diagnostic efficiency and combining with emerging technologies such as artificial intelligence and big data to assist professional medical decision-making, improve diagnosis efficiency and practice precision medicine.

③ Ophthalmology

Due to the prevalence of 3C products and the trend of aging population, in recent years, in addition to the myopia and presbyopia found in young generation, the problems and diseases caused by aging have also increased. Ophthalmology has become one of the star industries under the trend. According to the research data of the Market Data Forecast (as shown below), the global ophthalmology device market in 2020 was US$38.40 billion and it is estimated to reach US$50.19 billion in 2025 with the CAGR by 5.50% in the period from 2020 to 2025. The number of patients with cataracts, refractive, and glaucoma patients is increasing gradually and will drive the therapeutic equipment market to grow. If analyzed by region, the Asia Pacific ophthalmology device market is considered to have the highest CAGR by 6.50% in the period from 2020 to 2025, and the market scale is expected to grow

from US$6.14 billion in 2020 to US$ 8.41 billion in 2025.



	North America	Latin America	Europe	Asia-Pacific	Middle East & Africa	Global
2020 (US$ Billion)	15.75	3.84	8.84	6.14	3.83	38.40
2025 (US$ Billion)	20.20	4.97	11.61	8.41	5.00	50.19
CAGR	5.10%	5.30%	5.60%	6.50%	5.46%	5.50%

Source: Market Data Forecast

The eye diseases common to see in Taiwan include myopia, cataracts, and glaucoma. Among the other things, the population with myopia in Taiwan ranks the first place in the world. The population with myopia exceeds 20 million, i.e. nine out of ten persons with myopia, and the population with severe myopia (more than 500 degrees) accounts for more than 10%. According to the statistics gathered by National Health Insurance Administration, the prevalence rate of the population with cataracts attaining the age of 65 years old or more attains 60%, which is a common eye disease. Besides this, in the recent years, more and more younger generation has suffered from the cataracts. According to the statistics, the population with glaucoma seeking medical service, as well as the medical expenses thereof, has been increasing year by year, even breaking through 300,000 persons in a single year.

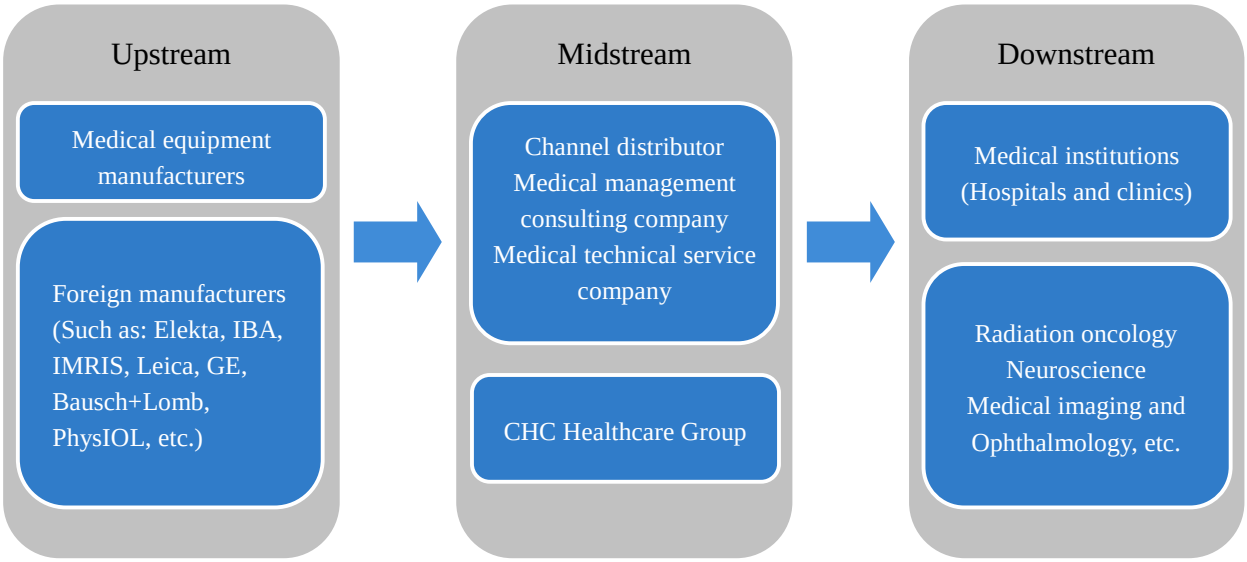
Multiple statistic data show the warning signs with respect to the increasing occurrence rate of eye diseases in Taiwan. Therefore, how to prevent the diseases effectively, find them promptly, and correct and treat them as early as possible has become an important issue concerned by all of us. If the patient does not correct or treat the disease as early as possible, he is very likely to suffer from the complications, such as peripheral retinal variation, subsequently.

The Group distributes the full-range ophthalmic product lines. Patients may make choices subject to their own condition and ophthalmologist's suggestion. The Group provides the products including excimer laser system, cataract femtosecond laser system, ophthalmoscope laser, surgical microscope, artificial intraocular lens and vitreous. In the recent years, the Group has also successfully introduced the handheld

vision screener, which may help ophthalmologists discover the vision problems of pre-school children early and rapidly in an easier way, shorten the hours spent in the vision check largely, and benefit the promotion of nationals' vision care.

(2) Correlation between upstream, midstream, and downstream

As indicated below, the midstream distributors can make up for the upstream medical equipment manufacturers' insufficient marketing network and regional maintenance services, so that they can concentrate on the design, research and development, and production of medical device and equipment. In addition, the channel dealers through the comprehensive distribution network covering the market can construct a most cost-effective marketing channel, save marketing expenses, and help them quickly enter the market and increase market share. For downstream medical institutions, midstream distributors can quickly provide the medical equipment and technology they need to reduce associated costs and reduce operational risks. In general, the midstream channel dealers integrate the demands of the downstream medical institutions to purchase from the upstream manufacturers, through the division of labor of the upstream, midstream, and downstream industry in order to effectively improve the operational efficiency of the overall medical equipment industry with the flexible inventory management and diversified brand distribution adopted.



(3) Various product development trends

① Medical equipment technology development trend

A. Electronic digitization of equipment: the combination of medical device technology and electronic information, bio-engineering precision manufacturing, new materials, and other technologies into emerging high-tech medical device applications, and the need to integrate with other medical devices in the medical department through network transmission is growing and becoming the main trend in the development of the medical equipment industry.

B. Minimally invasive medical surgical equipment: Medical devices have shifted from trauma-type (invasive) surgery to minimally invasive surgical equipment or new technologies, which reflect in cancer treatment, neurosurgery, and ophthalmic presbyopic laser correction surgery. Due to advances in technology, traditional hospitalizations may be replaced by outpatient treatment.

C. Revolutionary and innovative medical equipment development: The medical industry has developed along with the rapid development of technologies, such as MR-Linac, compact proton therapy systems, MRI hybrid surgical theatre, hybrid assistive limb, and excimer laser systems. These devices have escaped the framework of traditional diagnosis and treatment. The production of equipment requires more advanced technology and future development is expected.

② New trends in the development of radiotherapy technology

In recent years, radiation physics, radiation biology, and computer technology have been developed rapidly, with a focus on newer radiotherapy technology developments and more accurate tumor localization. The former is mainly in the pursuit of more advanced methods of irradiation (such as, the use of better physical sources of radiation, or the development of more complex radiation techniques) to achieve dose concentration; the latter is to reduce the uncertainty of treatment during irradiation (i.e. Correct positioning of the target position of the irradiated tumor).

The radiotherapy equipment distributed by the Group has evolved with the current global market and covers the latest radiotherapy technologies and functions described, for example, IMRT, IGRT, VMAT, PBS, etc.. The Group is also actively introducing the latest international treatment equipment, such as proton therapy systems, MR-Linac, etc., and expects to improve the quality of Taiwan's medical treatment and benefit more patients through the introduction of new technologies and products.

③ E-management of tumor medical record

Today, hospitals have moved towards informatization (computer and network technology), and oncology medical care requires the establishment and management of electronic information systems while integrating Picture Archiving and Communication System (PACS) to provide better therapeutic quality. Elekta provides such solution needed: MOSAIQ, an integrated electronic medical record system for the course of radiation oncology for each patient, including basic information, medical history and diagnosis at the outset, therapeutic prescription dose given by the doctor, treatment plan and medical imaging, as well as the cumulative dose during treatment, etc., so the doctor can browse the patient’s treatment situation on the computer at any time.

In addition, the Group has successfully developed the Integrated Radiation Oncology Information System (iROIS), as an information platform available to customers from the clinical point of view, to integrate patient treatment information

between the Hospital Information System (HIS) and the Oncology Information System (OIS), which can also make systematic warnings or reminders for the key points of the radiotherapy process, thereby effectively improving the efficiency of clinical operations and improve patients' safety at the same time and optimize the operating procedure adopted by a radiation oncology department.

④The growing demand for radiotherapy equipment in China

Surgery, chemotherapy, and radiotherapy are the three major methods of cancer treatment. These three methods can be used individually or in combination for different cancers at different stages of treatment to achieve the best therapeutic effect. In the current situation, most cancer patients need radiotherapy, which is the key to the popularization of radiotherapy equipment.

The Chinese government is in line with the situation that radiotherapy is currently in short supply, and at the same time promoting the rational allocation of large-scale medical equipment. It released the adjustment to "2018–2020 Large Medical Equipment Configuration Plan" on July 31, 2020, in order to further optimize the allocation of large-scale medical equipment in order to satisfy the multi-faceted and diversified medical service needs by clinical diagnosis, medical research and people. A total of 12,768 units of large-scale medical equipment, formerly 10,097 units, are to be added, including 16 new proton therapy systems; 188 new high-end radiotherapy equipment, and 1,451 linear accelerators (including X-knife). Apparently, in correspondence with the promotion of policies, radiotherapy equipment is with growth potentials in the Chinese market.

⑤Medical equipment collaboration and medical management services

The demand for large-scale medical device and equipment in Taiwan has increased year by year, and the acceptance of equipment collaboration has been increasing. The medical collaboration products provided by medical equipment dealers have become more extensive, and the scale of operations has also expanded. In addition to the medical device and equipment collaboration service provided, the Group in response to customer needs, such as, site planning, construction, business consulting, education and training, repair and maintenance, upgrade services, etc., has further developed a full range of integrated services with increasingly diversified and comprehensive services provided.

While stabilizing the Taiwanese market, the Group will also export its proud medical management services to China and Southeast Asia. The services will range from the most basic medical device and equipment collaboration and business consulting to the management service of individual department and even the entire hospital. The initial target customer is mainly based on local large-scale medical institutions, and the Group expects to penetrate overseas markets by taking advantage of its own soft power.

The medical management service not only provides all the medical equipment required by each department of the medical institution in order to eliminate the

problem of integration efficiency on different systems, but also supports the education and training of equipment in various medical institutions at any time, providing professional skills or the planning of the medical staff training courses to deepen the dependence of the customer.

(4) Competitions

①Distribution of medical equipment (radiation oncology, neuroscience, medical imaging, surgery, and ophthalmology)

The medical products distributed by the Group are mostly manufactured by renowned large manufacturers in Europe and the United States, and are the leading brands in the world. In addition to the professional R&D team and the clinical test reports and academic papers of renowned foreign medical centers, the manufacturers have obtained EU CE certification, US FDA license and TFDA license from the Ministry of Health and Welfare with the relevant supporting documents made available. At present, competitors' products in the market are mostly limited to a few non-mainstream models, which are difficult to obtain customer recognition. Also, the competitor's brands are facing the dilemma of not having new functional models from the foreign manufacturers; therefore, they are unable to compete against the leading brands with R&D capabilities that are distributed by the Group.

②Medical equipment collaboration and medical management services

The general leasing companies in the industry are mostly with financial backgrounds. The main operations are loaning of funds, and the leasing projects are for factory equipment, aviation equipment, and general vehicles, etc. Currently, there are renowned large-scale leasing companies in market, including Chailease, Hotai, and ORIX, but they are not specialized in medical equipment rental, and thus lack of professional integration services. The Group not only provides medical equipment but also provides technical support from the manufacturer's certified technical team with the most comprehensive maintenance services equipped to ensure that the medical equipment provided to customers operates accurately. The Group has a sound financial position and a long-term good relationship maintained with the banks to provide customers with an appropriate cooperation practice.

(III) Technology and R&D Overview(A listing of research and development expenditures as well as technologies and/or products successfully developed during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.)

1. The Company

The Company is an investment holding company and is not engaged in technology and research and development.

2. The Group

The Group is not in the manufacturing industry and therefore does not have a dedicated R&D department. However, since 2018, the Group has engaged in the "IROIP (Integrated Radiation Oncology Information Platform) Development Program", technology

research and development programs supported by the Ministry of Economic Affairs, to build an information platform that can integrate the information regarding patient treatment in both HIS and OIS. The program was completed in 2020, and the product “Integrated Radiation Oncology Information System (iROIS)” developed has been officially launched to the market. The R&D expenses spent by the Group was NT$6,252 thousand in 2020.

iROIS is an information platform for clinical operations, bringing together digital medical records and treatment processes, optimizing the operations of the radiation oncology department. The system can connect HIS & OIS to integrate the patient’s information about medical service and treatment horizontally, and is equipped with multiple warning or reminder functions, thereby effectively improving the efficiency of clinical operations and improve patients’ safety at the same time. For clinical workers, iROIS manages the treatment procedures in a systematic manner, thus mitigating the labor burden. Meanwhile, with the strengths, such as one-stop smart services and customized implementation, it helps medical personnel get twice the result with half the effort. For the hospital’s management, iROIS makes the paperless operations available, thus cutting the operating cost and increasing the hospital’s chance to pass the evaluation. It may also provide the integrated data for the advanced big data analysis to help the hospital build a high-efficiency and high-quality information platform.

(IV) Long-term and short-term business development plans

1. The Company

The Company is an investment holding company. Its subsidiaries are mainly engaged in the distribution of medical equipment and medical equipment rental management services. Therefore, the long-term and short-term business development plans are based on the Group as a whole. Please refer to the following.

2. The Group

(1) Short-term business development plan

①The Group introduces high-end equipment distributed by it in a business model that combines sales and medical management, to increase the market share of the products in Taiwan, and engages in the China market to sell medical equipment and expand professional medical equipment channels’ scale to strengthen the quality of technical services for higher market share in China.

②The Group promotes the iROIS in traditional Chinese developed voluntarily to increase the market share thereof in Taiwan, and also uses the best to effort develop different language versions to enable the product to reach overseas markets too.

③The Group continuously trains the professional technical team and expand the medical management services at home and abroad, by providing more timely and sounder services to upgrade the medical service quality, aiming to become the best choice for customers interested in joint ventures for medical businesses, and produces long-term stable revenues for the Group.

④The Group continuously introduces the latest medical equipment and technology, seeks medical products demanded by other medical specialties, and extends the depth

and breadth of medical channels, in order to develop diversified sales business and provide more comprehensive and multi-faceted medical technologies and services.

(2) Long-term business development plan

①The Group expands the current business to the Asia-Pacific medical markets as an overall deployment, by integrating upstream and downstream medical resources into a most complete product line and continuously improves high-value-added medical technology and services, so as to strengthen its leading role in the medical management services, and ultimately lay the foundation for its leadership in integrated medical equipment, technology and service in the Asia-Pacific region.

②Externally, the Group continuously introduces new competitive products to expand the service channels and increasing strategic partners to achieve economic scale, and internally, effectively simplifies the organizational structure to reduce various administrative costs, and focuses on resources integration to improve business performance and market competitiveness, ultimately continuing to overtake peers in the same trade.

③The Group develops the long-term care business, and focuses on preventive medicine and continuous care, by developing the projects including elderly fitness, day care, elderly-friendly residence and residential institution, in order to reduce the time spent by the elderly in bed and help them enjoy healthy, independent and pleasant retirement life.

④The Group launches into the radiation sterilization business, introduces the sterilization system researched, developed and manufactured the international renowned brand, IBA, a Belgium-based company, and provides photon radiation and electro radiation sterilization services stressing safety, high-performance and residual free, in order to become the first supplier who adopts the radiation sterilization technology in line with the sustainable utilization principles throughout Taiwan.

II. Market and Sales Overview

(I) The Company

Not applicable

(II) The Group

1. Market analysis

(1) Sales (supply) area of major products (services)

Unit: NT$ thousands; %

Sales area	2019		2020	
	Amount	Ratio	Ratio	Ratio
Taiwan	2,742,853	92.98	2,488,500	97.40
China	196,993	6.68	58,386	2.29
Others	10,206	0.34	8,025	0.31
Total	2,950,052	100.00	2,554,911	100.00

(2) Market share

The market shares of the main products distributed or sold by the Group in Taiwan are as follows:

Products	Brands	Market share
Radiation oncology equipment	Elekta and other	≥ 55%
Proton therapy system	IBA	≥ 40%
Brachytherapy system	Elekta Nucletron	≥ 80%
Water phantom quality assurance system	PTW	≥ 70%
Stereotactic radiosurgery system	Elekta Gamma Knife	≥ 60%
Surgical microscope - neurosurgery	Leica	≥ 80%
Surgical microscope - ophthalmology	Leica	≥ 50%
Multifocal / Multifocal & astigmatism intraocular lens - self-supported	PhysIOL	≥ 25%

(3) Market supply and demand and growth in the future

① Market supply and demand changes in the future

In terms of medical equipment market in Taiwan, the turnover in 2019 was approximately NT$169.2 billion. It has grown continuously in the last ten years. The CAGR from 2010 to 2019 is 6.9%. In terms of population, Taiwan had a population of 23.60 million as of the end of 2019, with an average life expectancy of 80.9 years, including 84.2 years for women and 77.7 years for men. The average life expectancy keeps at a record high and is higher than the global average. Taiwan officially entered the “aged society” in 2018 (the proportion of people over 65 years of age exceeded 14%). As of the end of 2019, the proportion of the population over 65 years of age has reached 15.3%. It is expected that Taiwan will enter the “super-aged society” by 2025 when the elderly population will exceed 20%. As the average life expectancy increases, the elderly population increases year by year, the proportion of chronic diseases gradually increases, and the demand for medical resources also increases year by year.

A. Radiation oncology specialist and neuroscience specialist

Malignant tumors have been in the first place of the top ten causes of death for 37 consecutive years. According to the data of the Ministry of Health and Welfare,a total of 175,424 persons died in 2019, of which 50,232 persons died of malignant tumors, accounted for nearly 30% of the total deceased, indicating that malignant tumors have become one serious challenge to the medical community of Taiwan. According to the statistics up to the end of 2019 there was total of 480 hospitals in Taiwan, among which only 90 hospitals have radiation oncology department setup, but there are 138 hospitals with more than 300 beds in service. Such hospitals are large enough to open a radiation oncology department to treat more patients. All of

the aforementioned phenomena show that there is still room for growth in the demand for cancer radiation equipment in Taiwan.

B. Diagnostic imaging specialist

Medical imaging devices such as nuclear magnetic resonance imaging devices and computed tomography devices are mostly expensive and have a significant impact on the diagnosis decisions of medical personnel. Therefore, hospitals tend to use brand as the main consideration when purchasing. In consideration of the high technological thresholds for the medical imaging device, the global medical imaging device market is currently dominated by three major manufacturers, GE, Philips and Siemens. Most of the medical imaging devices needed in Taiwan today rely on imports. In 2019, the import value of Taiwan's MRI imaging equipment and computer tomography equipment increased by nearly 40% compared with 2018. It can be speculated that under the wave of new life expectancy and population aging, cardiovascular, rehabilitation and orthopedic diseases will also follow, which will drive the growth of the medical imaging device market.

C. Ophthalmology

As of the end of 2019, there were approximately 23.60 million people in Taiwan, and the population aged 65 and above was about 3.61 million people, accounted for 15.3% of the total population, and it has become an "aged society" with the average life expectancy extended significantly; therefore, the elderly demand higher quality of life and the demand for the treatment of various eye diseases increases.

Further, the 3C products in the modern world, such as computers, mobile phones, and tablets have become an indispensable tool to modern people. In the past, the ultraviolet rays in the sun are the only light hazard that is damaging to the human eyes, but now the light hazard from the use of 3C products indoors is also damaging to human eyes. The long-term direct view of the bright screen with the blue light from the 3C products causes eye diseases, such as cataracts and macular degeneration, not only to the elderly but also to younger generation.

In response to the way people use their eyesight in Taiwan and the trend of aging population, the Group actively introduces various ophthalmic equipment and related products, such as excimer laser systems, femtosecond laser systems, ophthalmic special surgical microscopes and intraocular lens, to take care of the eyes of the citizens.

②Economic development accelerates the upgrading of medical service demand

The prevention and treatment of diseases by modern medicine relies heavily on the diagnosis results of advanced medical equipment. With the economic development and the advancement of medical technology, the national living standard and average life expectancy have also steadily increased. The quality requirements for the medical service market have risen sharply, which has directly led to an increase in the market demand for medical instruments and equipment, which has accelerated the speed of domestic and foreign capital investment in the medical service industry. The market expects that the selection of medical equipment will become more and more advanced. Its product structure is constantly adjusted, its functions are advancing with the times,

and the demand continues.

③China's medical reform creates huge market and business opportunities

Looking at China's medical environment, China's overall medical expenditure in 2019 reached US$27.60 billion, a YOY 9.7% from 2018. It is expected that as the Chinese government actively promotes related medical reform plans in recent years, it will continue to expand the overall medical market demand and will continue to push the Chinese medical material market forward. In the 13th Five-Year Plan, which has been officially launched in 2016, it clearly pointed out that the promotion of "healthy China" construction is expected to deepen the reform of the medical and health system, promote the separation of medicals and medicines, implement graded diagnosis and treatment, and establish a basic medical and health system and modern hospital management system covering urban and rural areas in order to activate the demand for medical equipment and hospital management system. Apparently, there is still room for strong growth in the Chinese medical market in the future. The CAGR from 2019 to 2022 is estimated to be 9.8%; also, the Chinese medical equipment market can reach US$36.53 billion in China by 2022.

④Aging population is the driving force for the development of elderly care business

Taiwan is now an "aged society." Judging from the ratio of the elderly population in the counties and cities, there are as many as 16 counties and cities out of the 22 in Taiwan where the percentage of persons of over 65 years old exceeding 14%. The proportion of the elderly population over age 65 in Taiwan reached 15.3% at the end of 2019. That is to say, one out of 6.5 persons is an elderly person. Taiwan is expected to be a "super-aged society" by 2025. The elderly population ratio will exceed 20%, and the population will age faster than that of Europe and the United States. Elderly care has officially become a non-negligible issue. It is indeed a huge business opportunity. Therefore, the Group cooperates with the Sakurajyuji Group to deploy the long-term care market in Taiwan. In the future, it will create a comfortable, safe and elderly-oriented humanized space based on a differentiated strategy. In addition to perfect continuous care, it will also promote the concept of preventive medicine, hoping to maximize the length of healthy life of the elderly, minimize the time spent in bed, give a boost to the quality and dignity of the life of the elders at home, and establish Taiwan's new perspective on elderly care.

(4) Competitive niche

①Professional technical team

The high-end medical equipment distributed by the Group is designed with precision, from installation to upgraded maintenance and repair, which requires sophisticated technology. The Group's technical team has been trained by the manufacturers, so the team is familiar with the mechanical structure and has sufficient and practical experience. The medical institutions are willing to cooperate continuously and the manufacturers are worry free and rely on the Company for business promotion and market development with distribution rights secured soundly.

②Equip with professional medical operation experience and maintain stable cooperation with medical institutions

The Group has engaged in the medical equipment industry for almost 45 years, differentiating itself from its peers for the flexible business model. With extensive experience in cooperation with hospitals, as well as the subsequent provision of repair, maintenance and upgrading services, the Group strengthens the customers' dependence and, therefore, is able to establish a deeper and more stable relationship with medical institutions.

③Comprehensive radiation oncology, neuroscience, medical imaging, and ophthalmology product lines and ample marketing staff system

The Group distributes the medical equipment that is manufactured by European and American manufacturers, including product lines of radiation oncology, neuroscience, diagnostic imaging, and ophthalmology. There are sufficient products for selection. The Group continues to import the latest medical equipment for the selection of medical institutions. The Group has an experienced business and technical team to market the products to various medical institutions. The Group after the installation of equipment assigns professional technicians to conduct training courses to medical institutions and provide comprehensive services to medical institutions.

④Network value highly recognized by foreign manufacturers

The Group endeavors in operating the medical device and equipment business of almost 45 years with a good name built-up. Apart from the fact that foreign suppliers have actively negotiated distribution issues with the Group in view of the Group's professional service image, the Group also selects suitable products from major brands for promotion based on customer needs and market trends.

In terms of channel value highly recognized by the suppliers, the Group has considerable initiative and relative bargaining power, which can help the Group gain favorable conditions for the company and increase the distributed brands with the professional marketing ability and complete distribution network. It indicates that the Group has strong distribution capabilities and successfully created the value of professional marketing channels for medical devices.

(5) Advantages and disadvantages of developing prospects, and countermeasures

① Advantages

A. The Group's complete and diversified brands distribution

The Group distributes full-range product lines, under the radiation oncology treatment brands including Elekta, PTW, GE, Ashland, C-RAD, IBA, and Klarity Medical; the brands of neuroscience equipment are: Elekta, Megin, Leica, Hillrom, IMRIS, Sony, Crownjun, CAScination, Cyberdyne, Medicapture, Microtek Medical and Adventech; the medical imaging brands including Swissray and GE; the ophthalmology brands including Bausch+Lomb, Ellex, Leica, PhysIOL, Wexler, Hillrom (Welch Allyn) and Albomed, etc.; as well as the medical lead glass made by Nippon Electric Glass Co., Ltd. These are all internationally renowned brands

with high popularity and market share, which have continued R&D investment to develop new products, new functions and new technologies to initiate the new market demands and maintain competitive edges.

B. Professional technical service department

The Group's technical service department has dozens of technical engineers, medical physicists, and medical radiation professionals to help customers build medical settings faster and more accurately. From the medical site planning, design and construction, to the medical equipment installation and testing, departmental management and consulting services, medical technician training, and all the way through equipment maintenance and subsequent upgrade services, the job covers one-stop full-customization services, allowing customers to fully grasp market demands and ensure profitability and stable market shares.

C. Sound financial structure

The Group has a sound financial structure and has been engaged in the medical equipment market for more than 40 years; also, the Group has a profound management team, professional stability, long-term cooperation with banks, and cautious fund use.

D. Opportunities for expansion in China and Southeast Asia

With the successful experience in Taiwan, the Group has taken the initiative to engage in the medical equipment markets in China and Southeast Asia which present great growth potential in the Asia Pacific region. Presently, subsidiaries have been set up in China and Indonesia. In China, the business model that combines sales and medical management service is taken to gain access to the local medical market; in Indonesia, it works with Mayapada Hospital Group, a local medical service institution, to continuously promote medical management services to other medical institutions, thus providing an all-round integrated medical management service for the Indonesian market.

E. Equipment and medical service establishment

With the rapid development of technologies, new medical equipment is constantly on the scene, and the demand for new ones is also on the rise. However, most of the new examination and treatment equipment is costly and, as a result, the market for cooperation in medical equipment presents the growth potential. Under a leasing program, not only can the cost of medical institutions be reduced, but also the equipment can be customized based on particular needs so that the equipment can be well integrated to achieve optimal utilization. The Group also deepens the development of equipment collaboration to transform it into the omnibearing medical management services, and sets up service locations in Taiwan, China and Indonesia, in order to have the internal technical team provide real-time technical support from installation and maintenance services to equipment upgrading. The leasing program can also be combined with comprehensive services including departmental planning and construction, management consultation and medical technician training. The soft power of equipment and medical technology

collaboration provided by the Group is deeply favored by medical institutions, making suppliers' long-term collaboration with us strongly desirable, as well as more stable and comprehensive partnership with upstream and downstream dealers.

② Unfavorable factors and countermeasures

A. Foreign medical equipment manufacturer distribution contract is the main source of products

At present, domestic high-end or large-scale medical equipment is still mainly imported from Europe and the United States. Although the Group and foreign medical equipment manufacturers have signed equipment distribution contracts; however, if there is a change in the distribution rights subsequently, it will affect the Company's operations. The countermeasures are as follows:

(A) Win the affirmation of foreign medical equipment manufacturers with the continuous efforts of creating excellent sales results, and train professional technical team to install machines, replace parts, and perform repair and maintenance services subsequently; also, take advantage of the marketing channels to help expand consumer market demand in order to obtain the affirmation of foreign medical equipment manufacturers, improve the dependency on the Group, establish stable cooperative relationship, result in an irreplaceable status, so that the distribution rights will not be replaced arbitrarily.

(B) Obtain the medical equipment certificate issued by the Ministry of Health and Welfare: The medical equipment to be imported into Taiwan must be inspected and registered according to the relevant regulations of the Ministry of Health and Welfare. The documents to be inspected are cumbersome and time-consuming, and must be handled by personnel familiar with professional requirements. The equipment registration certificate should be owned by the applicants so the foreign manufacturers cannot arbitrarily change the distribution rights and influence the import rights.

(C) Cooperate with foreign medical equipment manufacturers to arrange academic courses. In addition to regularly inviting foreign professional doctors or technical engineers to give lectures or courses in Taiwan, occasionally hold seminars in response to academic research or medical technology updates, sign contracts with large medical centers to conduct clinical research, and establish professional teaching centers so foreign manufacturers will have to rely on the Group to assist on the education promotion and regional markets development and to establish a partnership.

B. National Health Insurance adopts a total payment system to squeeze the profit of medical institutions

The income of various medical institutions is unstable, which has an impact on domestic medical-related industries. As a result, medical institutions have adopted a

conservative attitude in preparing budget for the procurement of large-scale medical electronic equipment. Since there is a limit on the purchase amount, the Group strives to reach a balance between the selling price of the manufacturers and the buying price of the customers in order to generate profits. The countermeasures are as follows:

(A) Based on the Group's medical integration and comprehensive professional experience to analyze and assess costs for customers, and apply the innovative technology advantages to make comprehensive construction planning and arrangements. Also, provide a cooperation of medical equipment and technology to help customers shorten the learning curve and improve or maintain products and service price reasonably.

(B) Reduce the proportion of products paid by National Health Insurance. Introduce self-funded health care related items, such as MRI-Linac, compact proton therapy systems, and high-end intraocular lens, etc.

(C) Continue to expand the business domain, develop overseas markets and extend diversified business entities, in order to contribute new momentum to the business sustainability.

C. Difficulty in engineer recruitment

Since the electronic equipment specialists are needed for the installation and maintenance of medical equipment, the Group makes the graduation from an electronic engineering department of a university the basic requirements when recruiting engineers. However, with the reality of the current workplace, many graduates of the electronic engineering major mostly prefer to work for electronics industry, which makes it difficult for the Group to recruit electronic engineering talents. The countermeasures are as follows:

Attract more professional talents with the incentives of a well-established labor–management communication platform of a listed company, perfect welfare system, reasonable salary policy, and diversified talents training channels.

2. Intended use and production process of the main products

(1) Intended use of major products

Product name	Intended use
Radiation oncology digital linear accelerator	Linear accelerator produces high-energy radiation for treatment by accelerating high-energy electrons in a vacuum linear accelerating tube, causing electrons to strike the tungsten target, releasing energy to produce high-energy (million volts) therapeutic radiation in order to destroy cancer (tumor) cells. Also, in terms of equipment technology, the linear accelerator used to perform 3D spatial conformal radiotherapy and intensity-modulated radiotherapy. These new radiotherapy technologies aim to increase the therapeutic dose in order to increase tumor control rates. The current popular models on the market can perform the latest image-guided treatments with integrating accelerators, X-ray sources, and instant electronic verification imaging systems. The doctor before operating on the patient will use the X-ray to confirm the tumor position. If necessary, the treatment position can be adjusted, which can effectively prevent the error caused by the patient's posture, increase the treatment accuracy, and reduce the side effects of the treatment.
MRI linear accelerator	The latest model introduced by Elekta combined with MRI and linear accelerator and the real-time nuclear magnetic resonance imaging to locate the patient's treatment position, and accurately identify the location of the tumor by the unique precision of the magnetic resonance imaging to improve treatment accuracy.
Computer treatment planning system	Before radiotherapy, use the device that inputs the computed tomography image of the patient, using a high-performance and high-computation computer, to plan the radiation angle, time, and dose of the radiotherapy, and also to evaluate the relative position of other important organs and their radiation dose.
Intracavitary brachytherapy device	Brachytherapy is to approach the lesion tissues with a sealed Ir-192 radiation source or placed at the therapy target, including interstitial implantation and intracavitary treatment, to achieve the desired radiation over short distances.
Radiotherapy/radiological diagnostic quality confirmation equipment	It refers to the radiological measurement tool and equipment, such as linear accelerator. It is used as a qualitative characteristic adjustment and calibration measurement for periodic radiation equipment in order to ensure radiation exposure quality.
Computer tomography simulation positioning X-ray camera	Before receiving radiotherapy, use the device to capture tumor images and related locations of the body parts by computed tomography.
Proton therapy system	Proton therapy system is high-end radiotherapy equipment. Its physical characteristics are that when the proton beam penetrates human tissue,

Product name	Intended use
	its energy will go up with distance and go down at the end of the range (i.e. where the tumor is located) with Bragg peak generated to give high-dose radiation and kill cancer cells without damaging healthy tissues. Because proton therapy has the characteristics of spread-out Bragg peak (SOBP), in addition to reducing the risk of damage to normal tissues during the treatment, the side effects of radiotherapy will be reduced to a minimum.
Leksell gamma knife – stereotactic radiosurgery system	This is a high precision 3D spatial stereotactic head radiosurgery device and is used to perform irradiation on tiny intracranial tumors or vascular lesions; also, more than one hundred independent beams are applied to irradiate on one single target during the treatment.
Magnetoencephalography (MEG) system	Magnetoencephalography (MEG) is used to examine the magnetic field change during brain nerve activity. MEG records can be used to explore the functions of individual brain sensory cortex, functional interactions between specific brain regions, research attention, language, cognition, and other complex functions; also, it can be used to explore the recovery or adaptability of specific brain regions, the assessment of specific brain functional regions before and after surgery, and the location of epilepsy lesions.
Surgical microscope – neuroscience	The medical surgery microscope is specifically to be used in an operating room for enlarging the surgical field of view so that the doctor can accurately view the blood vessels, soft tissues, and lymphatic vessel structures in the operation, and it is needed for an organ transplant surgery and tissue repair.
Hillrom operating room products	Hillrom offers a series of state-of-the-art operating room equipment and services, including flexible operating tables, innovative exclusive operating room lighting technology, and surgical related consumables. With its intelligent product line, it can completely improve the workflow in the operating room and clinical related fields, provide the best solution for the hospital, and provide an efficient and safe operating environment for medical staff.
MRI hybrid surgical theatre	The sky track MRI of IMRIS is the only device in the world that can perform multi-functional imaging diagnosis on patients without moving patients. It can confirm the result of surgical treatment in the process; also, it can greatly reduce the risk of infection caused by mobilizing patients and save time. If there is not a surgery scheduled, general routine angiography can be performed to greatly improve the utilization of equipment and to maximize the value of the equipment.
NUCLeUS	Sony’s NUCLeUS can integrate any brand of medical imaging equipment in the operating room, provide a single operating interface to healthcare professionals, and improve the efficiency of healthcare

Product name	Intended use
	personnel management data and workflow. This system can also share images to the hospital's intranet system and provide Live Surgery for a two-way interaction between the operating room and the conference room.
Surgical sutures	Crownjun's surgical sutures are very helpful for suturing blood vessels. It also successfully developed the world's thinnest microsurgical suture, which is used to sew microvessels, lymphatic vessels and nerves in microsurgery, allowing tighter tissue or blood vessel anastomosis, which not only increases the success rate of the patient's surgery but also greatly enhances the surgeon's surgical fluency.
Stereotactic navigation system	It is used for minimally invasive treatment of cancer tumors in the liver, lung, kidney, pancreas and bones. It can provide clear image navigation assistance during ablation surgery. Its image fusion function makes the treatment plan more accurate and provides quality control directly after ablation; it can reduce the number of local recurrences, compared with conventional surgery, postoperative hospital stay is shorter and recovery speed is faster.
Hybrid Assistive Limb	The HAL® (Hybrid Assistive Limb) developed by Cyberdyne is the world's first semi-robotic robot, which can improve, support and enhance the wearer's physical function, assist the disabled to move, and enable it to reach larger than usual exercise energy is also considered to be a system that promotes motor learning in the brain. There have been many medical literatures published abroad, HAL® can help the functional regeneration of spinal cord injury, stroke and other neuromuscular diseases.
Digital X-ray imaginary diagnostic system	Digital X-ray is an X-ray technology with digitalized X-ray images. It can directly project X-ray images onto a digital sensor board, instantly digitize the images, and then display the high-resolution images on the computer digitally and instantly, which will not be distorted by negative developing and it is basic medical equipment needed by all medical institutions.
Excimer laser system	The excimer refractive myopia laser platform provides a safer and faster treatment mode. Combining two advanced technologies: static iris recognition and dynamic iris recognition, it can accurately cut corneal tissue to achieve the purpose of reducing or removing the number of diopters (myopia, hyperopia, astigmatism), so that patients can reduce or eliminate their dependence on glasses or contact lenses, or meet their professional or sports needs.
Femtosecond laser system	Femtosecond laser lens refraction surgery uses a laser light source that can generate femtosecond lasers, uses synchronous computer tomography and 3D real-time images to help ophthalmologists plan personalized crystal surgery procedures, compared to traditional

Product name	Intended use
	cataract surgery, combined with femtosecond laser high-tech cataract pre-surgery, can improve the accuracy and predictability of vision correction.
Surgical microscope – ophthalmology	Leica is a world-renowned manufacturer of precision optics. The operating microscope designed for ophthalmic microsurgery has a low illumination, high light transmittance, long depth of field, strong red reflection and clear and undistorted design. For example, posterior chamber vitreous surgery, corneal and glaucoma all kinds of surgery must use an operating microscope.
Artificial intraocular lens	Artificial intraocular lens is made of PMMA, silicone or acrylic to synthesize artificial lens with refractive properties according to the refractive characteristics of the lens in the human eye. The refractive focus function of the turbid lens helps the image projection to focus on the retina in order to restore the patient’s vision.
Artificial vitreous	It is applicable to the anterior and posterior segment of ophthalmology, including intracapsular/extracapsular cataract extraction, intraocular lens implantation, corneal transplantation, glaucoma filtering surgery and retinal reposition surgery, etc. It is used as a substitute for glass body in the two operations, namely Pars Plana Vitrectomy and retinal detachment surgery. Based on its characteristics of lubrication, viscoelasticity, transparency, and protection of corneal endothelial cells, this product helps reduce the interaction between corneal endothelial cells and tissues, maintain the depth of the anterior chamber of the eyeball and the visibility during surgery, and can be performed before implanting the Artificial Vitreous, by covering it with the lens of the inner eye and the surface of the tip of the surgical instrument to avoid possible trauma caused by the surgical instrument.

(2) Production process of major products

The Group is not engaged in the manufacturing industry so it does not apply.

3. Supply of main raw materials

The Group is not engaged in the manufacturing industry so it does not apply.

4. List of major customers and suppliers

(1) The names of the suppliers who have accounted for more than 10% of the Company's total purchase amount in one of the last two years and the purchase amount and ratio; also, explain the reasons for the said increase and decrease

Unit: NT$ thousands

	2019				2020				Until Q1 2021			
Item	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net annual purchase (%)	Relationship with the issuer	Name	Amount	Percentage of net purchase up to the last quarter of the year (%)	Relationship with the issuer
1	甲	590,556	43.73	None	甲	196,795	24.88	None	己	21,603	16.30	None
2	己	147,095	10.89	None	戊	84,473	10.68	None	甲	20,688	15.61	None
3	戊	76,742	5.68	None	己	67,857	8.58	None	戊	17,827	13.45	None
4	Zuellig	51,108	3.78	None	Zuellig	63,059	7.97	None	Zuellig	14,820	11.18	None
	Others	485,026	35.92		Others	378,794	47.89		Others	57,596	43.46	
	Net purchase amount	1,350,527	100.00		Net purchase amount	790,978	100.00		Net purchase amount	132,534	100.00	

Analysis of increase and decrease:

The Group's suppliers, which accounted for more than 10% of the total purchases, are mainly for the suppliers of radiation oncology instruments and pharmaceuticals. Supplier 己, 甲, 戊 and Zuellig are continuing to supply in response to market demand.

(2) The name of the customers who have accounted for more than 10% of the Company's total sales amount in one of the last two years and the sales amount and ratio; also, explain the reasons for the increase and decrease

Unit: NT$ thousands

	2019				2020				Until Q1 2021			
Item	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net sales up to the last quarter of the year (%)	Relationship with the issuer
1	J	324,120	10.99	None	B	335,488	13.13	None	C	152,259	23.75	None
2	YeeZen General Hospital	260,547	8.83	Note	YeeZen General Hospital	248,610	9.73	Note	YeeZen General Hospital	63,272	9.87	Note
3	B	68,746	2.33	None	C	181,512	7.10	None	B	40,921	6.38	None
4	C	15,604	0.53	None	J	52,167	2.04	None	J	10,341	1.61	None
	Others	2,281,035	77.32		Others	1,737,134	68.00		Others	374,266	58.39	
	Net sales amount	2,950,052	100.00		Net sales amount	2,554,911	100.00		Net sales amount	641,059	100.00	

Note: Yee Zen General Hospital is a substantive related party of the Group.

Analysis of increase and decrease:

The Group's sales revenue is mainly from the radiation oncology instruments. The sales price of radiation oncology equipment is high and its service life is long, so it is difficult to concentrate on the same customer. Customer B and J received high-end radiation oncology equipment in 2020 and 2019, respectively, which led to a substantial increase in related revenues. Customer C received high-end radiation oncology equipment in the first quarter of 2021, which led to a substantial increase in related revenues.

5. Production value of the last two years

The Group is not engaged in manufacturing industry so it oes not apply.

6. Sales value and volume in the last two years

Unit: Piece, set: NT$ thousands

Year Sales QTY & value Major products (or by department)	2019				2020			
	Domestic sales		Exports		Domestic sales		Exports	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
Sales of equipment for radiation oncology and neurology	21	1,200,306	6	113,778	18	900,018	2	15,398
Other sales	24,071	164,174	406	642	34,413	170,195	50	387
Medicine sales	21,855,595	171,662	0	0	20,312,029	159,761	0	0
Rental revenue	43	976,958	3	30,348	44	1,032,818	3	34,838
Service revenue	0	229,753	0	62,431	0	225,708	0	15,788
Total	21,879,730	2,742,853	415	207,199	20,346,504	2,488,500	55	66,411

Analysis of changes: The sales of equipment for radiation oncology and neurology is decreased due to the decrease in the units of the high-priced instruments sold in 2020. The increase in other sales is mainly due to the growth of sales of ophthalmic products in 2020. The decrease in the sales of medicines is mainly due to the decrease in the sale volume in 2020. The increase in rental revenue is mainly due to the increase in cooperative hospitals and the stable growth of the projects cooperated with the hospital in 2020. The labor service income declines slightly due to the epidemic posing impact to the maintenance service income in 2020.

III. Human Resources

(I) The Company

Unit: Number of persons

Year		2019	2020	Until March 31 of the year
No. of employees	Management	15	17	16
	Marketing personnel (including sales and technology)	0	0	0
	General staff	32	36	35
	Total	47	53	51
Average age		40.1	39.5	39.8
Average service years		7.59	7.12	7.48
Education distribution ratio (%)	Ph.D.	0.00	0.00	0.00
	Master	19.15	22.64	23.53
	University and college	68.08	64.15	64.71
	High school	12.77	13.21	11.76
	Below high school	0.00	0.00	0.00

(II) The Group

Number of persons

Year		2018	2019	Until March 31 of the year
No. of employees	Management	33	35	34
	Marketing personnel (including sales and technology)	100	107	103
	General staff	65	69	66
	Total	198	211	203
Average age		36.6	37.0	37.3
Average service years		6.7	6.9	7.3
Education distribution ratio (%)	Ph.D.	0.51	0.47	0.49
	Master	15.15	15.64	14.29
	University and college	74.24	73.46	75.86
	High school	10.10	10.43	9.36
	Below high school	0.00	0.00	0.00

IV. Environmental Protection Expenditure

The total amount of losses (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of deposition, the deposition reference number, the provisions of the statute violation, the content of the statute violation, and the content of punishment) in the most recent year and as of the annual report printing date, and disclose the current and future estimated amounts and corresponding measures. If it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated.

None.

V. Labor Relations

(I) Illustrate the company's employee welfare measures, advanced study, training, retirement system and its implementation, as well as the agreement between labor and management and the employee benefits maintenance measures.

1. Employee welfare measures

The Company is committed to creating a worry-free work environment for employees, strives to improve the various systems, and provides good and comprehensive welfare measures, so that every employee and their families can enjoy a comfortable and pleasant life; also, enjoy the care and consideration of the company.

(1) Salary system

The Company has recruited talents and motivated employees with a fair and competitive compensation system. The payroll structure is determined by linking the overall goals of the Group and the department with individual work results through the performance evaluation method developed by the Group; with an open and transparent promotion mechanism, it provides higher responsibilities and relatively better

compensation and bonuses to drive the development of the organization. In general, employees receive monthly salaries for 12 months annually, plus performance bonuses or year-end bonuses based on incentive programs. The performance / year-end bonuses released to individual employees in 2020 were equivalent to 3 months of salary. In addition, compensations and stock dividends are also available, aimed for profits sharing as a feedback to the employee contributions to the Company.

① Year-end bonus: According to the “Rules Governing Employee Performance” of the Company, the year-end bonus will be distributed at the end of the year depending on the overall operating performance of the company.

② Annual employee remuneration distribution: After being resolved by the Board of Directors and reported in the shareholders meeting, it is distributed to the employees of the Company. The remuneration distribution is handled according to the Company’s “Rules Governing the Distribution of Remuneration to Employees.”

③ Employee shareholding, cash capitalization and stock subscription, and issuance of employee warrants: It is handled depending on the company’s overall operations with the relevant rules stipulated for the compliance of employees.

(2) Merciful employee welfare system

① Insurance plan: Provide labor insurance and health insurance to each employee, so that they can be fully protected. In addition, the company also plans a group insurance for employees starting from the date they report to duty, including life insurance, accident insurance, medical insurance and cancer insurance. If the employee is on a sabbatical leave due to a military service, major injury, or childbirth, he or she may continue to participate in the company group insurance, so that the protection can be continued.

② Three festivals gift money

③ Retirement system: According to the “Labor Standards Act,” a sound pension system and retirement-related measures are enacted. According to the “Labor Pensions Act,” an amount equivalent to 6% of the monthly salary is paid to the personal account with the Bureau of Labor Insurance, Ministry of Labor, and together with the Company’s sound financial structure to provide solid pensions appropriation and payment.

④ Health management: In addition to the fully subsidized health checkup for the new recruits, the Company regularly applies to the Bureau of Labor Insurance for occupational hazard inspections every year, covering general health checkups, special health checkups, etc., and handles annual health checkups for all employees once in every two years.

⑤ Staff dormitory: Considering the needs of short-term travel of employees and the safety and convenience of long-distance commuting employees, the company has staff dormitory available to provide a comfortable living environment for employees who

are traveling or in training.

⑥ Employee Welfare Committee: The “CHC Healthcare Group Employee Welfare Committee” is established in accordance with the law to actively promote various employee welfare measures, including funeral subsidies, medical subsidies, marriage subsidies, travel subsidies, birthday gifts, maternity benefits, advanced study subsidies, and cultural and recreational activities subsidies.

2. Education and training

In order to improve the competence of employees, enhance the work knowledge of employees, and reserve technical and management talents to cope with the business development of the Company, and to seek effective use of manpower, the Group has stipulated the “Incentives for Education and Training and Professional License” to encourage the Company’s employees to go for an advanced study and to obtain professional license in order to enhance their competitiveness.

(1) Education and training

① Pre-job training: All new recruits will be instructed to understand the Company’s organization, business profile, labor safety and health, and the standard operating procedures of the company.

② Internal training: Enhance the basic functions and professional functions that each position should have in order to strengthen the work ability of each employee at the workplace.

③ External training: Base on the needs of each employee or each position to arrange an external training in order to strengthen the professional skills of each employee and the leadership of the management.

④ Overseas training: In line with the development of the company or the needs of work in the future, the department heads select competent personnel to go abroad for professional training.

(2) Application for and issuance of various professional licenses

According to the standard certificate classification, the employees shall submit the original certificate or the transcript together with the original enrollment fee receipt, and the test reward application form to the Human Resources Department and the General Affairs Department for the registration fee subsidies according to the original receipt.

Class A (difficult): Each certificate is with NT$10,000 awarded.

Class B (medium): Each certificate is with NT$ 5,000 awarded.

Class C (Basic): Each certificate is with NT$ 3,000 awarded.

(3) Advanced study and training of employees

Each department of the Company regularly holds product or professional skills training on a monthly basis to enhance the professional skills of the employees at

workplace. Employees shall apply for work-related external training according to the "Incentives for Education and Training and Professional License" of the company.

Due to the outbreak of COVID-19, we canceled the annual external large-scale management training and theme-based training in 2020. Notwithstanding, we will keep the training program primarily intended to strengthen employees' work skills as usual. Meanwhile, we will conduct the annual training requirement survey in Q4 of each year. Then, we will organize various activities, including occupational training, product training, keynote speech and other conferences, based on the annual training plan proposed by each department. Also, all workers may have the access to online learning platforms, i.e. the self-learning channels provided by us, to improve their professional skills.

3. Retirement system and its implementation

(1) For the work seniority before and after being subject to the "Labor Standards Act," the pensions shall be calculated according to the pension standard as stipulated in Articles 84-2 and Article 55 of the Labor Standards Act.

(2) Choose to be subject to the pension plan as stipulated in the "Labor Standard Act" in accordance with the Labor Pension Act or reserve the work seniority accumulated before applying the Labor Pension Act to be paid according to the provision of the preceding paragraph.

(3) For employees who are subject to the pension plan as stipulated in the "Labor Standards Act" and who are forced to retire in accordance with Subparagraph 2, Paragraph 1 of Article 35, if their mental disability or physical disability is caused by the execution of their duties, they are entitled to additional 20% of the pension according to the provisions of the preceding paragraph.

(4) For employees who are subject to the Labor Pension Act, the Company will have an amount equivalent to 6% of the monthly salary appropriated and deposited into the personal pension account.

4. Agreement between labor and management and various employee benefits protection measures

In order to coordinate labor relations, enhance mutual understanding, promote labor-management cooperation, and improve work efficiency, we have held labor-management meetings in accordance with the "Rules Governing the Labor-Management Meetings" to meet regularly and communicate with each other. Both employers and employees should resolve issues through consultation harmoniously.

(II) The total amount of losses caused to the Company due to labor dispute (including items in violation of the "Labor Standards Act", list the date of punishment, the deposition reference number, the provisions of the statute violation, the content of the statute violation, and the

content of punishment) in the most recent year and as of the annual report printing date, and disclose the current and future estimated amounts and corresponding measures. If it is impossible to reasonably estimate, it should explain the fact that it cannot be reasonably estimated.

The Company has a good interaction with the employees regarding the welfare measures, management system, and labor relations and there has no labor disputes and losses occurred in the most recent year and as of the annual report printing date; and we will work towards the goal of no such incidents in the future.

VI. Important Contracts (illustrate the valid supply and sales contracts as of the annual report printing date and those that will be expired in the most recent year; the parties, contents, restrictive clauses, and beginning and ending dates of the technical cooperation contracts, engineering contracts, long-term loan contracts, and other major contracts that are significant enough to affect shareholders' equity)

(I) The Company: None.

(II) The Group:

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Purchase and distribution rights	C-RAD AB (Chiu Ho Medical System Co., Ltd.)	2010/10/13 ~ no expiry date	Laser products	Sales in Taiwan area only
Purchase and distribution rights	Leica Microsystems IR Gmbh (Chiu Ho Medical System Co., Ltd.)	2012/04/01 ~ no expiry date	Surgical microscope series	Sales in Taiwan area only
Purchase and distribution rights	Elekta Limited (Chiu Ho Medical System Co., Ltd.)	2019/03/08~2022/03/07	Digital Linear Accelerator and Gamma Knife Series Related Equipment	Sales in Taiwan area only
Purchase and distribution rights	PTW-Freiburg (Chiu Ho Medical System Co., Ltd.)	1996/10/08 ~ no expiry date	Quality assurance measuring devices and products	Sales in Taiwan area only
Purchase and distribution rights	CYBERDYNE (Chiu Ho Medical System Co., Ltd.)	2019/11/01~2022/10/31	Mechanical walker, powered exoskeleton system	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Scientific Co., Ltd.)	2019/03/15~2022/03/14	Surgical headlights, otoscopes, ophthalmic surgical instruments	Sales in Taiwan area only
Purchase and distribution rights	Hill-Rom (Chiu Ho Medical System Co., Ltd.)	2019/03/15~2022/03/14	Operating table, surgical lamp, and accessories	Sales in Taiwan area only
Purchase and distribution rights	CHIYODA Technol Corporation (Chiu Ho Medical System Co., Ltd.)	2008/12/10 ~ no expiry date	Quality assurance verification series	Sales in Taiwan area only
Purchase and distribution rights	Ecolab (Chiu Ho Medical System Co., Ltd.)	2019/03/01~No expiry date	Disinfection sleeve series	Sales in Taiwan area only
Purchase and distribution rights	Swissray Medical AG (Chiu Ho Medical System Co., Ltd.)	2012/02/02 ~ no expiry date	Digital radiography system	Sales in Taiwan, China, Hong Kong, and Macao area only

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Purchase and distribution rights	Ion Beam Application SA (Chiu Ho Medical System Co., Ltd.)	2012/10/09~2021/10/08	Proton therapy equipment	Sales in Taiwan area only
Purchase and distribution rights	Stryker Far East Inc., Taiwan Branch (Chiu Ho Medical System Co., Ltd.)	2020/01/01~2021/04/30	Intraoperative angiography system	Sales in Taiwan area only
Purchase and distribution rights	Bausch & Lomb HK (Chiu Ho Medical System Co., Ltd.)	2017/01/01 ~ no expiry date	Femtosecond Laser System	Sales in Taiwan area only
Purchase and distribution rights	Ritter IMAGING Inc. (Tomorrow Medical System Co., Ltd.)	2008/12/01 ~ no expiry date	Dental treatment chair series	Sales in Taiwan area only
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Tomorrow Medical System Co., Ltd.)	2013/04/01 ~ no expiry date	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	GE Medical Systems Taiwan Ltd.(Tomorrow Medical System Co., Ltd.)	2021/01/01~2021/12/31	CT-RT	Sales in some hospital system in Taiwan area only
Purchase and distribution rights	Leica Microsystems IR GMbh (Chiu Ho Scientific Co., Ltd.)	2012/04/01 ~ no expiry date	Surgical operationing microscope	Sales in Taiwan area only
Purchase and distribution rights	Ellex Medical Pty., Ltd. (Chiu Ho Scientific Co., Ltd.)	2017/08/17 ~ no expiry date	Ophthalmic instrument products	Sales in Taiwan area only
Purchase and distribution rights	PhysIOL (Chiu Ho Medical System Co., Ltd.)	2015/01/01 ~ no expiry date	Intraocular lens and introducer	Sales in Taiwan area only
Purchase and distribution rights	Deerfield Imaging, Inc. (Chiu Ho Medical System Co., Ltd.)	2018/04/05~2021/04/04	Surgical imaging system	Sales in Taiwan area only
Purchase and distribution rights	YUEH SHENG Medical Instrument (Shenzhen) Ltd. (Guanzhou Chiu Ho Medical System Co., Ltd.)	2018/05/18~2023/12/31	Surgical electric knife	Sales in China area only
Purchase and distribution rights	KONO SEISAKUSHO Co.,Ltd (Chiu Ho Medical System Co., Ltd.)	2018/09/25~2022/09/24	Surgical suture	Sales in Taiwan area only
Purchase and distribution rights	CAScination AG (Chiu Ho Medical System Co., Ltd.)	2018/11/28~2022/05/27	Guidance and navigation in interventional radiology	Sales in Taiwan area only
Purchase and distribution rights	ADVANTECH Co., Ltd. (Chiu Ho Medical System Co., Ltd.)	2020/09/01~2022/12/31	Surgical screen, nursing cart and image streaming system	Sales in Taiwan area only
Sales contract	Changhua Christian Medical Foundation Changhua Christian Hospital	2016/05/18 ~ inspection and acceptance completed	Proton therapy system	To be processed according to the contract signed
Equipment use and technical service cooperation	Taipei Medical University Hospital	2017/01/20 ~ expiry date of the cooperation agreement	Proton Therapy related treatment system and Technical service cooperation	To be processed according to the contract signed

Contractual nature	Parties	Beginning and ending date of the contract	Major contents	Restrictive clauses
Syndicate credit contract	The syndicate credit bank group organized by the First Bank, CTBC Bank, etc.	Contract signing date: 11/07/2018 (The credit period is for 5 years from the date of the first-time use of any sub-credit line)	Repayment for the existing financial liabilities and the establishment of the Proton Therapy Center of the Taipei Medical University Hospital and the procurement of one set of Proton Therapy System (including repayment of transitional financing)	To be processed according to the contract signed

Six. Financial Information

I. Five-Year Financial Summary

(I) The Group

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years					Financial data as of March 31 of the year
		2016	2017	2018	2019	2020	
Current assets		2,507,591	3,041,583	3,204,585	3,509,528	3,485,229	3,529,238
Property, plant, and equipment		4,754,993	4,609,262	4,752,936	4,691,417	5,382,011	5,429,283
Intangible assets		161,746	161,746	161,746	159,151	159,151	159,151
Other assets		964,982	1,523,449	1,467,681	1,276,573	645,186	713,217
Total assets		9,783,456	10,592,963	10,847,735	11,205,325	11,543,821	11,677,218
Current liabilities	Before distribution	2,190,558	1,803,512	1,353,032	3,049,091	1,053,386	1,109,988
	After distribution	2,331,048	1,957,417	1,603,077	3,330,358	Note 2	Note 2
Non-current liabilities		2,623,433	3,875,014	4,361,184	2,838,895	4,490,434	4,465,201
Total liabilities	Before distribution	4,813,991	5,678,526	5,714,216	5,887,986	5,543,820	5,575,189
	After distribution	4,954,481	5,832,431	5,964,261	6,169,253	Note 2	Note 2
Equity attributable to shareholders of the parent		4,967,394	4,913,368	4,972,363	5,162,144	5,847,437	5,949,746
Share capital		1,398,478	1,399,136	1,399,136	1,416,335	1,570,439	1,570,674
Capital surplus		2,891,710	2,927,016	2,930,253	2,981,939	3,427,278	3,428,354
Retained earnings	Before distribution	849,201	620,427	1,041,551	1,186,678	1,271,800	1,376,741
	After distribution	708,711	466,522	791,506	905,411	Note 2	Note 2
Other equity		(171,995)	(33,211)	(363,621)	(387,852)	(387,124)	(391,067)
Treasury shares		—	—	(34,956)	(34,956)	(34,956)	(34,956)
Non-controlling interest		2,071	1,069	161,156	155,195	152,564	152,283
Total equity	Before distribution	4,969,465	4,914,437	5,133,519	5,317,339	6,000,001	6,102,029
	After distribution	4,828,975	4,760,532	4,883,474	5,036,072	Note 2	Note 2

Note 1: The above financial data are audited or reviewed by a certified public accountant.

Note 2: The 2020 earnings distribution proposal has not yet been resolved in the shareholders meeting.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years					Financial data as of March 31 of the year
	2016	2017	2018	2019	2020	
Operating revenue	2,205,206	2,117,116	2,507,466	2,950,052	2,554,911	641,059
Gross profits	619,611	688,653	730,786	806,002	830,710	220,015
Operating profit	308,155	352,875	459,981	529,571	513,106	139,929
Non-operating income and expense	(80,421)	(378,951)	(91,812)	(52,978)	(49,110)	2,471
Profit (loss) before income tax	227,734	(26,076)	368,169	476,593	463,996	142,400
Profit (loss) of the continuing department	160,604	(89,286)	317,829	390,431	362,912	105,058
Loss of discontinued department	—	—	—	—	—	—
Profit (loss) for the year	160,604	(89,286)	317,829	390,431	362,912	105,058
Other comprehensive income (after tax) for the year	(78,850)	138,784	(53,085)	(25,451)	1,574	(4,341)
Total comprehensive income for the year	81,754	49,498	264,744	364,980	364,486	100,717
Profit (loss) attributable to owners of the parent	158,932	(86,695)	323,422	395,172	366,389	104,941
Profit (loss) attributable to non-controlling interest	1,672	(2,591)	(5,593)	(4,741)	(3,477)	117
Comprehensive income attributable to shareholders' of the parent	80,082	52,089	270,337	370,941	367,117	100,998
Comprehensive income attributable to non-controlling interest	1,672	(2,591)	(5,593)	(5,961)	(2,631)	(281)
Earnings per share	1.14	(0.62)	2.32	2.83	2.53	0.67

Note 1: The above financial data are audited or reviewed by a certified public accountant.

(II) The Company

Condensed Balance Sheet

Unit: NT$ thousands

Item \ Year		Financial Data of the Last Five Years				
		2016	2017	2018	2019	2020
Current assets		264,550	708,120	657,925	629,325	703,460
Property, plant, and equipment		3,911	2,996	1,832	975	601
Intangible assets		—	—	—	—	—
Other assets		7,155	57,886	108,007	70,262	68,144
Total assets		6,826,430	7,183,203	7,793,090	7,784,428	8,845,691
Current liabilities	Before distribution	1,093,411	509,517	202,958	1,253,550	274,631
	After distribution	1,233,901	663,422	453,003	1,534,817	Note 2
Non-current liabilities		765,625	1,760,318	2,617,769	1,368,734	2,723,623
Total liabilities	Before distribution	1,859,036	2,269,835	2,820,727	2,622,284	2,998,254
	After distribution	1,999,526	2,423,740	3,070,772	2,903,551	Note 2
Equity attributable to shareholders of the parent		4,967,394	4,913,368	4,972,363	5,162,144	5,847,437
Share capital		1,398,478	1,399,136	1,399,136	1,416,335	1,570,439
Capital surplus		2,891,710	2,927,016	2,930,253	2,981,939	3,427,278
Retained earnings	Before distribution	849,201	620,427	1,041,551	1,186,678	1,271,800
	After distribution	708,711	466,522	791,506	905,411	Note 2
Other equity		(171,995)	(33,211)	(363,621)	(387,852)	(387,124)
Treasury shares		—	—	(34,956)	(34,956)	(34,956)
Non-controlling interest		—	—	—	—	—
Total equity	Before distribution	4,967,394	4,913,368	4,972,363	5,162,144	5,847,437
	After distribution	4,826,904	4,759,463	4,722,318	4,880,877	Note 2

Note 1: The above financial data are audited by a certified public accountant.
Note 2: The 2020 earnings distribution proposal has not yet been resolved in the shareholders meeting.

Condensed Comprehensive Income Statement

Unit: NT$ thousands

Item \ Year	Financial Data of the Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	307,929	326,640	435,545	503,625	500,575
Gross profits	209,973	236,931	333,770	404,452	391,546
Operating profit	209,973	236,931	333,770	404,452	391,546
Non-operating income and expense	(43,413)	(323,593)	(59,671)	(21,838)	(22,028)
Profit (loss) before income tax	166,560	(86,662)	274,099	382,614	369,518
Profit (loss) of the continuing department	158,932	(86,695)	323,422	395,172	366,389
Loss of discontinued department	—	—	—	—	—
Profit (loss) for the year	158,932	(86,695)	323,422	395,172	366,389
Other comprehensive income (after tax) for the year	(78,850)	138,784	(53,085)	(24,231)	728
Total comprehensive income for the year	80,082	52,089	270,337	370,941	367,117
Profit (loss) attributable to owners of the parent	—	—	—	—	—
Profit (loss) attributable to non-controlling interest	—	—	—	—	—
Comprehensive income attributable to shareholders' of the parent	—	—	—	—	—
Comprehensive income attributable to non-controlling interest	—	—	—	—	—
Earnings per share	1.14	(0.62)	2.32	2.83	2.53

Note 1: The above financial data are audited by a certified public accountant.

(III) Name of accountant and audit opinions issued in the last five years

Year	CPA Firm	CPAs	Audit Opinions
2016	PricewaterhouseCoopers (PwC)	Sheng-Wei Teng and Hsiao-Tzu Chou	Unqualified opinions
2017	PricewaterhouseCoopers (PwC)	Sheng-Wei Teng and Hsiao-Tzu Chou	Unqualified opinions
2018	PricewaterhouseCoopers (PwC)	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2019	PricewaterhouseCoopers (PwC)	Sheng-Wei Teng and Audrey Tseng	Unqualified opinions
2020	PricewaterhouseCoopers (PwC)	Yu-Fang Yen/Pei-Lin Tu	Unqualified opinions

II. Five-Year Financial Analysis

Consolidation

Analysis item \ Year		Financial analysis of the last five years					As of March 31 of the year
		2016	2017	2018	2019	2020	
Financial structure (%)	Debt ratio	49.21	53.61	52.68	52.55	48.02	47.74
	Ratio of long-term capital to property, plant, and equipment	159.68	190.69	199.77	173.85	194.92	194.63
Solvency (%)	Current ratio	114.47	168.65	236.84	115.10	330.86	317.95
	Quick ratio	98.83	133.22	166.66	88.78	259.92	248.49
	Interest earned ratio (times)	393.36	69.38	478.63	602.23	596.57	839.78
Operating performance	Account receivable turnover (times)	2.07	2.26	2.50	2.74	2.38	2.56
	Average collection period	176	161	146	133	153	143
	Inventory turnover (times)	2.63	2.05	2.12	2.59	2.22	2.79
	Account payable turnover (times)	7.66	8.52	9.77	9.76	9.14	11.71
	Average days in sales	138	178	172	140	164	131
	Property, plant, and equipment turnover (times)	0.47	0.45	0.54	0.62	0.51	0.47
	Total assets turnover (times)	0.22	0.21	0.23	0.27	0.22	0.22
Profitability	Return on total assets (%)	2.29	(0.18)	3.69	4.23	3.85	4.15
	Return on shareholders' equity (%)	3.05	(1.81)	6.33	7.47	6.41	6.94
	Pre-tax income to paid-in capital (%)	16.28	(1.86)	26.31	33.65	29.55	36.26
	Profit ratio (%)	7.28	(4.22)	12.68	13.23	14.20	16.39
	Earnings per share (NT$)	1.14	(0.62)	2.32	2.83	2.53	0.67
Cash flows	Cash flow ratio (%)	38.57	16.29	24.98	39.85	86.91	55.17
	Cash flow adequacy ratio (%)	72.35	90.76	77.35	110.83	104.58	101.33
	Cash reinvestment ratio (%)	6.54	1.50	1.68	10.05	5.27	5.01
Leverage	Operational leverage	3.02	2.87	2.48	2.26	2.41	2.29
	Financial leverage	1.34	1.32	1.27	1.22	1.22	1.16

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:
(1) The increase in the current ratio is mainly due to the decrease in the current liabilities of 2020.
(2) The increase in the quick ratio is mainly due to the decrease in the current liabilities of 2020.
(3) The increase in the cash flow ratio is mainly due to the decrease in the current liabilities of 2020.
(4) The decrease in the cash reinvestment ratio is mainly due to the increase in the working capital of 2020.

Note 1: The above financial data are audited or reviewed by a certified public accountant.

Standalone

Analysis item \ Year		Financial analysis of the Last Five Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt ratio	27.23	31.60	36.20	33.69	33.90
	Ratio of long-term capital to property, plant, and equipment	146,587.04	222,753.20	414,308.52	669,833.64	1,426,133.11
Solvency (%)	Current ratio	24.19	138.98	324.17	50.20	256.15
	Quick ratio	23.76	138.15	320.96	49.79	253.35
	Interest earned ratio (times)	531.85	(118.61)	749.71	860.24	771.27
Operating performance	Account receivable turnover (times)	67.37	62.98	49.82	67.66	—
	Average collection period	5	5	7	5	—
	Inventory turnover (times)	—	—	—	—	—
	Account payable turnover (times)	—	—	—	—	—
	Average days in sales	—	—	—	—	—
	Property, plant, and equipment turnover (times)	72.89	94.58	180.42	358.84	635.25
	Total assets turnover (times)	0.04	0.05	0.06	0.06	0.06
Profitability	Return on total assets (%)	2.76	(0.77)	4.77	5.59	4.94
	Return on shareholders' equity (%)	3.14	(1.75)	6.54	7.80	6.66
	Pre-tax income to paid-in capital (%)	11.91	(6.19)	19.59	27.01	23.53
	Profit ratio (%)	51.61	(26.54)	74.26	78.47	73.19
	Earnings per share (NT$)	1.14	(0.62)	2.32	2.83	2.53
Cash flows	Cash flow ratio (%)	10.72	31.26	(43.91)	19.49	90.32
	Cash flow adequacy ratio (%)	20.73	20.23	18.46	16.66	27.82
	Cash reinvestment ratio (%)	(2.84)	0.28	(3.20)	(0.09)	(0.39)
Leverage	Operational leverage	1.35	1.28	1.23	1.19	1.24
	Financial leverage	1.23	1.20	1.14	1.14	1.16

Reasons for the increase or decrease in the financial ratios over 20% of the last two years:

(1) The increase in the ratio of long-term capital to property, plant, and equipment is mainly due to the increase in the noncurrent liabilities of 2020.

(2) The increase in the current ratio is mainly due to the decrease in the current liabilities of 2020.

(3) The increase in the quick ratio is mainly due to the decrease in the current liabilities of 2020.

(4) The decrease in the account receivable turnover is mainly due to the "zero" average accounts receivable of 2020.

(5) The decrease in the average collection period is mainly due to the "zero" average accounts receivable of 2020.

(6) The increase in the property, plant and equipment turnover is mainly due to the decrease in the property, plant and equipment, net of 2020.

(7) The increase in the cash flow ratio is mainly due to the decrease in the current liabilities of 2020.

(8) The increase in the cash flow adequacy ratio is mainly due to the decrease in the capital expenditure of 2020.

(9) The decrease in the cash reinvestment ratio is mainly due to the increase in the working capital of 2020.

Note 1: The above financial data are audited by a certified public accountant.

Note 2: The equation for the calculation of each financial ratio is as follows:

1. Financial structure
   (1) Debt ratio = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + noncurrent liabilities) / net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventory – prepaid expense) / Current liabilities
   (3) Interest earned ratio (times) = Net income before tax and interest expense / Current interest expense
3. Operating performance
   (1) Account receivable turnover (including accounts receivable and notes receivable from operating activities) = Net sales / Average accounts receivable balance amount for each period (including accounts receivable and notes receivable from operating activities)
   (2) Average collection period = 365 / Account receivable turnover
   (3) Inventory turnover = Cost of goods sold / Average inventory amount
   (4) Account payable turnover (including accounts payable and notes payable from operating activities) = Cost of goods sold / Average accounts payable balance amount for each period (including accounts payable and notes payable from operating activities)
   (5) Average days in sales = 365 / Inventory turnover
   (6) Property, plant, and equipment turnover = Net sales / Average property, plant, and equipment amount (net)
   (7) Total assets turnover = Net sales / Total average assets
4. Profitability
   (1) Return on total assets = [Net income (loss) + interest expense x (1- tax rate)] / Total average assets
   (2) Return on shareholders' equity = Net income (loss) / Total average equity
   (3) Profit ratio = Net income (loss) / Net sales
   (4) Earnings per share = (Profit and loss attributable to shareholders' equity of parent company – preferred stock dividend) / Weighted average shares issued
5. Cash flows
   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
   (2) Cash flow adequacy ratio = Net cash flow from operating activities in the last 5 years / (Capital expenditure + increase in inventory + cash dividend) in the last 5 years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities – cash dividend) / (Gross amount of property, plant, and equipment + long-term investment + other noncurrent assets + working capital)
6. Leverage:
   (1) Operational leverage = (Net operating income – variable cost and expense) / Operating profit
   (2) Financial leverage = Operating profit / (Operating profit – Interest expense)

CHC Healthcare Group
Audit Committee's Review Report

The Company's Board of Directors has prepared and presented the 2020 consolidated and standalone financial statements that were audited by Yu-Fang Yen, CPA and Pei-Lin Tu, CPA of PricewaterhouseCoopers (PwC) with an independent auditor's report issued concluding that the Company's financial status, operating performance, and cash flow were presented fairly; also, the said financial statements together with the business report and earnings distribution proposal were reviewed by the Audit Committee members and concluded to be complying with the relevant law and regulations. The Review Report of the Audit Committee is prepared and presented in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours Faithfully,
2021 Annual Shareholders' Meeting

CHC Healthcare Group

Convener of Audit Committee: Gui-Duan Chen

March 19, 2021

IV. Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report

Please refer to pages 143 ~ 229.

V. Standalone financial report of the company that has been audited by an accountant in the most recent year, excluding the statement of major accounting items

Please refer to pages 230 ~ 289.

VI. The impact of financial difficulty of the company and its affiliated enterprises on the financial status of the company detailed in the financial report of the most recent and as of the annual report printing date

Not applicable.

Seven. Review of Financial Conditions, Operating Results, and Risk Management

I. Analysis of Financial Status (The main reasons for the significant changes in assets, liabilities, and equity in the last two years and their impacts, if the impact is significant, the future response measures should be explained)

(I) The Company

Unit: NT$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	629,325	703,460	74,135	11.78
Financial assets at fair value through profit and loss – non-current	0	600	600	100.00
Financial assets at fair value through other comprehensive profit and loss – non-current	7,356	16,740	9,384	127.57
Investment accounted for using equity method	7,076,510	8,039,186	962,676	13.60
Property, plant, and equipment	975	601	(374)	(38.36)
Right-of-use assets	0	16,960	16,960	100.00
Other assets	70,262	68,144	(2,118)	(3.01)
Total assets	7,784,428	8,845,691	1,061,263	13.63
Current liabilities	1,253,550	274,631	(978,919)	(78.09)
Non-current liabilities	1,368,734	2,723,623	1,354,889	98.99
Total liabilities	2,622,284	2,998,254	375,970	14.34
Share capital	1,416,335	1,570,439	154,104	10.88
Capital surplus	2,981,939	3,427,278	445,339	14.93
Retained earnings	1,186,678	1,271,800	85,122	7.17
Other equity	(387,852)	(387,124)	728	(0.19)
Treasury shares	(34,956)	(34,956)	0	0.00
Total equity	5,162,144	5,847,437	685,293	13.28

Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year)
Investment accounted for using equity method: Primarily as a result of the capital increase in the subsidiary in cash in the current period.
Current liabilities: Decreasing primarily as a result of the repayment and conversion of the domestic 3rd secured convertible corporate bonds-current portion in the current period.
Noncurrent liabilities: Increasing primarily as a result of the issuance of domestic 4th secured convertible corporate bonds in the current period.
Share capital: Increasing primarily as a result of the conversion of the domestic 3rd secured convertible corporate bonds.
Capital surplus: Increasing primarily as a result of the conversion of the domestic 3rd secured convertible corporate bonds and issuance of domestic 4th secured convertible corporate bonds in the current period.
Impact of changes in financial status in the last two years: No significant impact on financial status.
Future response plan: Not applicable

(II) The Group

Unit: NT$ thousands

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	3,509,528	3,485,229	(24,299)	(0.69)
Financial assets at fair value through profit and loss – non-current	0	600	600	100.00
Financial assets at fair value through other comprehensive profit and loss – non-current	38,681	35,781	(2,900)	(7.50)
Financial assets at amortized cost – non-current	246,358	240,885	(5,473)	(2.22)
Non-current contract assets	34,438	58,371	23,933	69.50
Investment accounted for using equity method	8,963	0	(8,963)	(100.00)
Property, plant, and equipment	4,691,417	5,382,011	690,594	14.72
Right-of-use assets	29,828	73,452	43,624	146.25
Investment property - net	1,210,388	1,463,155	252,767	20.88
Intangible assets	159,151	159,151	0	0
Other assets	1,276,573	645,186	(631,387)	(49.46)
Total assets	11,205,325	11,543,821	338,496	3.02
Current liabilities	3,049,091	1,053,386	(1,995,705)	(65.45)
Non-current liabilities	2,838,895	4,490,434	1,651,539	58.18
Total liabilities	5,887,986	5,543,820	(344,166)	(5.85)
Share capital	1,416,335	1,570,439	154,104	10.88
Capital surplus	2,981,939	3,427,278	445,339	14.93
Retained earnings	1,186,678	1,271,800	85,122	7.17
Other equity	(387,852)	(387,124)	728	(0.19)
Treasury shares	(34,956)	(34,956)	0	0
Non-controlling interest	155,195	152,564	(2,631)	(1.70)
Total equity	5,317,339	6,000,001	682,662	12.84

Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year)

Property, plant and equipment: Primarily as a result of the purchase of the equipment and instrument for the collaborative projects in the current period.

Investment property-net: Primarily as a result of reclassification of property, plant and equipment into investment property due to the lease of the property, plant and equipment in part in the current period.

Other assets: Primarily as a result of the reclassification of the prepayment for equipment into the property, plant and equipment in the current period.

Current liabilities: Decreasing primarily as a result of the repayment and conversion of the domestic 3rd secured convertible corporate bonds-current portion and repayment of short-term borrowings in the current period.

Noncurrent liabilities: Increasing primarily as a result of the issuance of domestic 4th secured convertible corporate bonds in the current period.

Item \ Year	2019	2020	Difference	
			Amount	%
Share capital: Increasing primarily as a result of the conversion of the domestic 3rd secured convertible corporate bonds. Capital surplus: Increasing primarily as a result of the conversion of the domestic 3rd secured convertible corporate bonds and issuance of domestic 4th secured convertible corporate bonds in the current period. Impact of changes in financial status in the last two years: No significant impact on financial status. Future response plan: Not applicable				

II. Analysis of Operation Results

(I) Main reasons for significant changes in operating income, net operating profit, and net income before tax in the last two years

1. The Company

Unit: NT$ thousands

Item \ Year	2019	2020	Increase/Decrease	
			Amount	Percentage of change (%)
Operating revenue	503,625	500,575	(3,050)	(0.61)
Operating cost	(99,173)	(109,029)	(9,856)	9.94
Gross profits	404,452	391,546	(12,906)	(3.19)
Non-operating income and expense	(21,838)	(22,028)	(190)	0.87
Profit (loss) before income tax	382,614	369,518	(13,096)	(3.42)
Income tax profit (expense)	12,558	(3,129)	(15,687)	(124.92)
Profit (loss) for the year	395,172	366,389	(28,783)	(7.28)
Description of major changes: (The amount changes by more than 10%, and the amount reaches 1% of the total assets of the current year No amount changes by more than 10%, and amount reaching 1% of the total assets takes place in the current year.				

2. The Group

Unit: NT$ thousands

Item \ Year	2019	2020	Increase/Decrease	
			Amount	Percentage of change (%)
Operating revenue	2,950,052	2,554,911	(395,141)	(13.39)
Operating cost	(2,144,050)	(1,724,201)	419,849	(19.58)
Gross profits	806,002	830,710	24,708	3.07
Operating expense	(276,431)	(317,604)	(41,173)	14.89
Operating profit	529,571	513,106	(16,465)	(3.11)
Non-operating income and expense	(52,978)	(49,110)	3,868	(7.30)
Profit (loss) before income tax	476,593	463,996	(12,597)	(2.64)
Income tax expense	(86,162)	(101,084)	(14,922)	17.32
Profit (loss) attributable to owners of the parent	395,172	366,389	(28,783)	(7.28)
Description of major changes: (The amount changes by more than 10%, and the amount				

Item \ Year	2019	2020	Increase/Decrease	
			Amount	Percentage of change (%)
reaches 1% of the total assets of the current year Operating revenue and cost: Primarily as a result of the declining sales revenue resulting in the decrease in the operating cost.				

(II) Expected sales volume and its reference, possible impact on the company's future financial business, and the response measures

1. The Company：Not applicable

2. The Group：Please refer to the "One. Letter to Shareholders"

III. Analysis of Cash Flow

(I) Analysis of changes in cash flows of the most recent year

1. The Company

Unit: NT$ thousands

Item \ Year	2019	2020	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	244,363	248,052	3,689	1.51
Investing activities	310,664	(962,589)	(1,273,253)	(409.85)
Financing activities	(396,799)	652,092	1,048,891	(264.34)
Analysis of changes: Operating activities: Primarily as a result of the increase in the dividend collected from the subsidiaries in the current period. Investment activities: Primarily as a result of the increase in the investment accounted for using equity method in the current period. Financing activities: Primarily as a result of the issuance of domestic 4th secured convertible corporate bonds in the current period.				

2. The Group

Unit: NT$ thousands

Item \ Year	2019	2020	Amount increase (decrease)	Ratio increase (decrease) (%)
Operating activities	1,215,193	915,465	(299,728)	(24.67)
Investing activities	(672,456)	(731,062)	(58,606)	8.72
Financing activities	(504,792)	(51,316)	453,476	(89.83)
Analysis of changes: Operating activities: Primarily as a result of the increase in prepayment and decrease in accounts receivable in the current period. Investment activities: Primarily as a result of the purchase of more property, plant and equipment in the current period. Financing activities: Primarily as a result of the issuance of domestic 4th secured convertible corporate bonds in the current period.				

(II) Improvement plan for insufficient liquidity

The Company and the Group are without any insufficient liquidity issue.

(III) Cash liquidity analysis of next year (2021)

The Company

Unit: NT$ thousands

Cash balance – beginning (1)	Expected annual cash flow from operating activity (net) (2)	Estimated annual cash inflow (outflow) (3)	Cash surplus (insufficient) amount (1)+(2)+(3)	Remedy for insufficient cash	
				Investment Plan	Financial plan
145,791	239,566	(229,448)	155,909	Not applicable	Not applicable

1. Operating activities：The cash flow from operating activities of the Company in the coming year mainly comes from management consulting service fee income, dividend income from subsidiaries, and operating expense of the Group.
2. Investing activities：The Company's cash flow from the investing activities in the coming year is mainly invested for the operation and development of the subsidiaries.
3. Remedy for insufficient cash：Not applicable

IV. Major Capital Expenditure Items

(I) The Company

None.

(II) The Group

The acquisition of instrument and equipment (Stated as property, plant and equipment) and the land and buildings required for expansion and operation in response to the cooperation with medical institutions will have a positive effect on the financial business.

V. Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

December 31,2020 Unit: NT$ thousands

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2020	Main reason for profit or loss	Improvement plan	Future investment plans
Chiu Ho Medical System Co., Ltd.	4,257,012	Medical instrument sales, leasing, and service	166,415	The company is with good performance.	N/A	N/A
Tomorrow Medical System Co., Ltd.	794,631	Medical instrument sales, leasing, and service	17,137	The company is with good performance.	N/A	N/A
Chiu Ho Scientific Co., Ltd.	155,121	Ophthalmic equipment sales, leasing, and service	30,487	The company is with good performance.	N/A	N/A
Hua Lin Instruments Co., Ltd.	584,091	Medical instrument leasing	37,210	The company is with good performance.	N/A	N/A
Shin-Ho Instruments Co., Ltd.	115,048	Medical instrument leasing	(2,883)	Losses caused by the completion of the Company's cooperation.	Transformation to the development of new businesses	Development of new businesses
Hsin Lin Biotech Co., Ltd.	82,199	Medical instrument leasing	5,449	The company is with good performance.	N/A	N/A
E Century Health Care Corporation	812,228	Medical instrument leasing	81,254	The company is with good performance.	N/A	N/A
Tong-Lin Instruments Co., Ltd.	480,835	Medical instrument leasing	38,959	The company is with good performance.	N/A	N/A

Description / Item	Long-term Investment Amount	Policies	Investment profit and loss in 2020	Main reason for profit or loss	Improvement plan	Future investment plans
Chiu Ho Biotech Co., Ltd.	346,921	Medical instrument leasing	7,736	The company is with good performance.	N/A	N/A
CHC Healthcare (BVI) Limited	411,100	Holding and indirect investment	(16,318)	The decrease in the operating revenue of the company's investee resulted in the loss.	To develop business proactively.	N/A

Note: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 28.48 on December 31, 2020. The average USD to NTD was 29.55 in 2020.

VI. Analysis of Risk Management

(I) The impact of changes in interest rate, exchange rate, and inflation on the company's profit and loss and the future countermeasures

1. Changes in interest rate

The interest expenses of the Group are mainly due to the bank loans borrowed as working capital for business operation. The interest expense incurred in 2020 was NT$46,024 thousand, accounted for 1.80% of the net operating revenue of the year, which was a small ratio, so the impact of the changes in interest rate on the Group's profit and loss was limited.

In order to avoid the impact of interest rate fluctuations on the Group's cost of capital, the Group has been paying attention to interest rate trends at all times, maintaining close contract with the banks, and increasing the proprietary funds to reduce interest expenses and dependence on financial institutions.

2. Changes in exchange rate

The Group's purchases are mainly for imports. The net foreign currency exchange loss in 2020 was NT$17,251 thousand, accounted for 0.68% of the net operating revenue of the year, which had no significant impact resulted.

In order to effectively reduce the impact of the changes in exchange rate on the overall profitability of the Group, the specific countermeasures are as follows：

(1) Setup foreign currency deposit accounts to manage foreign exchange positions, and trade foreign currency deposits on a timely manner to repay foreign currency payable for imports in order to reduce the impact of exchange rate fluctuation on profit and loss and achieve natural hedging effects.

(2) The financial staff maintains an appropriate net foreign exchange position based on the judgment of the future exchange rate trend in order to reduce the impact of exchange rate fluctuation on the Group's profitability.

3. Inflation

The Group's products are not necessities consumables; therefore, there is no immediate pressure on the sensitivity of inflation. However, the Group will still pay close attention to the fluctuation of market prices, plan the timing for incoming inventory, and maintain a good cooperative relationship with suppliers.

(II) The policies, reasons for profit or loss, and future countermeasures for engaging in high-risk, high-leverage investment, loaning of funds, making endorsements and guarantees, and trading of financial derivatives

1. Basing on the principle of prudence and pragmatic business philosophy, the Company does not engage in high-risk and highly leveraged investments other than focusing on long-term equity investments under the equity method.
2. The Company has stipulated relevant procedures, such as, “Procedures for Loaning of Funds,” “Procedures for Making of Endorsements and Guarantees,” and “Procedures for the Acquisition and Disposal of Assets,” for the compliance of the Company and its subsidiaries in engaging in related operations. As of the annual report printing date, the Company and its subsidiaries have not engaged in any trading of financial derivatives. In addition, the loaning of funds and making of endorsements and guarantees are based on the aforementioned policies and countermeasures. Furthermore, the Group has always focused on the operations of the industry with limited risks associated.

(III) Future R&D projects and estimated R&D expenses

In consideration of the rising awareness toward safety and health domestically, the Group plans to step into the radiation sterilization business, and is approved by the Ministry of Science and Technology (MOST) to develop the radiation sterilization business in Tongluo Science Park and engage in the business lines including sterilization validation test, X-ray sterilization, electron irradiation sterilization, and R&D of radiation-resistant materials. The Project is still under preparation in the lead-time period and expected to operate officially as of 2023, aiming to become the first supplier who adopts the radiation sterilization technology in line with the sustainable utilization principles throughout Taiwan. Then, the Group will provide X-ray sterilization and electron irradiation sterilization services stressing safety, high-performance and residual free. Meanwhile, the Company will set up professional laboratories and retain the professional validation personnel dedicated to researching and developing the new validation technology to provide higher-standard services, and also engage in research and development of radiation-resistant materials and products, hoping to apply them to medical devices, in-vehicle materials, functional clothing materials or various packing materials in the future. The Group schedules to invest the R&D expenses amounting to NT$7,024 thousand in 2023.

(IV) The impact of the changes in domestic and international major policies and law on the company’s financial business and the countermeasures

The Group handles daily operations in accordance with relevant domestic and foreign law and regulations. As of the annual report printing date, the changes in the major domestic and international policies and law have no significant impact on the Group’s financial business. In the future, the management of the Group will also pay attention to any changes in major domestic and international policies and law, consult relevant experts if necessary, and take adequate measures to meet the operational needs of the company.

(V) The impact of changes in technologies and industry on the company’s financial business and the countermeasures

The Group’s main distribution products are world-renowned brands of radiation oncology, neurology, medical imaging, ophthalmology, and surgery. The technological changes and industrial changes will help the Group strengthen its supply chain relationship and provide new products to satisfy the needs of customers.

(VI) The impact of the changes in corporate image on corporate’s crisis management and the

countermeasures

The Group adheres to the principle of good faith and the spirit of steadfastness and pragmatism. Since its incorporation, the Group has actively strengthened internal management to enhance quality and efficiency. Also, the Group continues to recruit outstanding talents to work for the company in order to build up the strength of the management team, and then feedback the operating results to the shareholders and the public in order to fulfill the corporate social responsibilities. So far, there has been no corporate crisis resulted from a corporate image change.

(VII) The expected benefits of the mergers and acquisitions, the possible risks, and the countermeasures

None.

(VIII) The expected benefits of the plant expansion, the possible risks, and the countermeasures

None.

(IX) The risks of the purchases or sales concentration and the countermeasures

1. Purchases

The net purchase from supplier 甲 who was the Group's main supplier accounted for 24.88% of the total purchases in 2020, mainly because the Company's subsidiary, Chiu Ho Medical System Co., Ltd., was the exclusive agent of Supplier 甲 for radiation oncology instruments and equipment in Taiwan. 甲 concentrated purchase is resulted due to the increase in purchase in response to a rising market demand. The Group continues to maintain partnerships with major suppliers, by training professional maintenance engineers to perform self-installation, parts replacement, and follow-up maintenance and together with the advantages of marketing channels to increase the supplier's dependence on the Group in order to create an irreplaceable position that will protect the Group from being replaced by other agents arbitrarily.

2. Sales

The Group's main sales targets are the department of radiation oncology and ophthalmology of major public hospitals, consortium corporations, military hospitals, and general clinics in Taiwan. The sales target is quite scattered and there is no concentrated sale.

(X) The impact and the massive equity transfer or exchange on the directors, supervisors, or shareholders with more than 10% shareholdings, the risks, and the countermeasures

There had been no massive equity transfer or exchange made by the Company's directors, supervisors, and shareholders with more than 10% shareholdings in the most recent year and as of the annual report printing date.

(XI) The impact of changes in management rights on the company, the risks, and the countermeasures

The company had no change in management rights in the most recent year and as of the annual report printing date.

(XII) Litigation or non-litigation events

1. The major litigation cases, non-litigation cases, or administrative disputes that were

concluded or yet to be concluded in the most recent year and as of the annual report printing date and the results that may have a significant impact on the shareholders' equity or security price, the fact in contention, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the current situation should be disclosed.

None.

2. For the company's directors, supervisors, president, substantive responsible person, major shareholders with more than 10% shareholdings, and subordinate companies, the major litigation cases, non-litigation cases, or administrative disputes that were concluded or yet to be concluded in the most recent year and as of the annual report printing date and the results that may have a significant impact on the shareholders' equity or security price, the fact in contention, the amount of the subject matter, the commencement date of the litigation, the parties involved in the proceedings, and the current situation should be disclosed.

None.

(XIII) Other major risks and countermeasures

Whether the company has established an information security risk management framework and formulated information security policies and specific management plans：

1. Information Security Risk Management Framework

The Company has set up the Information Department to be responsible for information security management, planning, supervision, and promotion of implementation, and regularly reported the information security management operation to the COO.

2. Information security policy

(1) Ensure the security of our Company's data, systems, equipment, and network communications, and prevent external invasion and destruction.

(2) Ensure that system information account access rights and system changes are handled in accordance with the company's prescribed authorization procedures.

(3) The scrapped computer storage media should be destroyed to avoid accidental exposure of data.

(4) Monitor the security status and activity records of the information system to effectively grasp and handle information security incidents.

(5) Maintain the availability and integrity of data and systems in order to resume normal operations in the event of a disaster or damage.

(6) The computer facilities are equipped with independent fire protection equipment with smoke and heat detector.

3. Specific management plan (whether information security insurance is obtained, if not, detail the relevant preventive measures)

At present, the Company's information security maintenance measures are complete; also, considering that the information security insurance is still an emerging insurance policy and involving security grading and claims forensics, so it remains in the stage of evaluating its future applicability.

However, the Company has established a written internal control system – a computerized information system cycle, an information management approach, and a disaster recovery plan to substantiate internal control and maintain information security policies. Ensure its appropriateness and effectiveness by reviewing and evaluating its safety regulations and procedures annually. The following classifications are described in

details：

(1) Information security network structure

① The Company’s internal systems are in the virtual network, the external network is isolated and cannot be accessed to directly, and multiple network security defense systems are adopted; also, the firewall in the front-end of the network and the intrusion prevention connection are to screen the systems.

② Chunghwa Telecom’s HIBOX is used for email service. Chunghwa Telecom’s HIBOX is with a security control system that is responsible for filtering the incoming and outgoing content of the network. It can defend against external network attacks and immediately block the latest malicious software, harmful website links, spam emails, and other threats.

③ The internal host and endpoints are deployed with anti-virus software to update the virus codes and to instantly identify the signs of malicious behaviors. It can instantly block virus Trojan worms, ransomware, and malicious files in folders, and effectively reduce the risk of damage caused by hackers.

(2) System account and account authorization management

Program the user’s account number and authorization according to each business scope and rights and responsibilities. Data access must be authorized through an electronic document workflow authorization process; also, the relevant application and change must be applied for and approved by each competent supervisor. The user’s account and authorization must be revoked immediately once the user has left the job position in order to prevent any unauthorized use.

(3) Information system reservation and backup

Both the system and the files are backed up every day locally and remotely, and the system data recovery test drills are performed regularly every year to ensure the normal operation and data preservation of the information system in order to reduce the risk of data loss caused by unwarranted natural disasters and human disasters.

(4) The process for the disposal of computer equipment

The hard disk of the scrapped server must be disassembly and destroyed in compliance with the regulatory management system and the information security policy.

VII. Other major matters

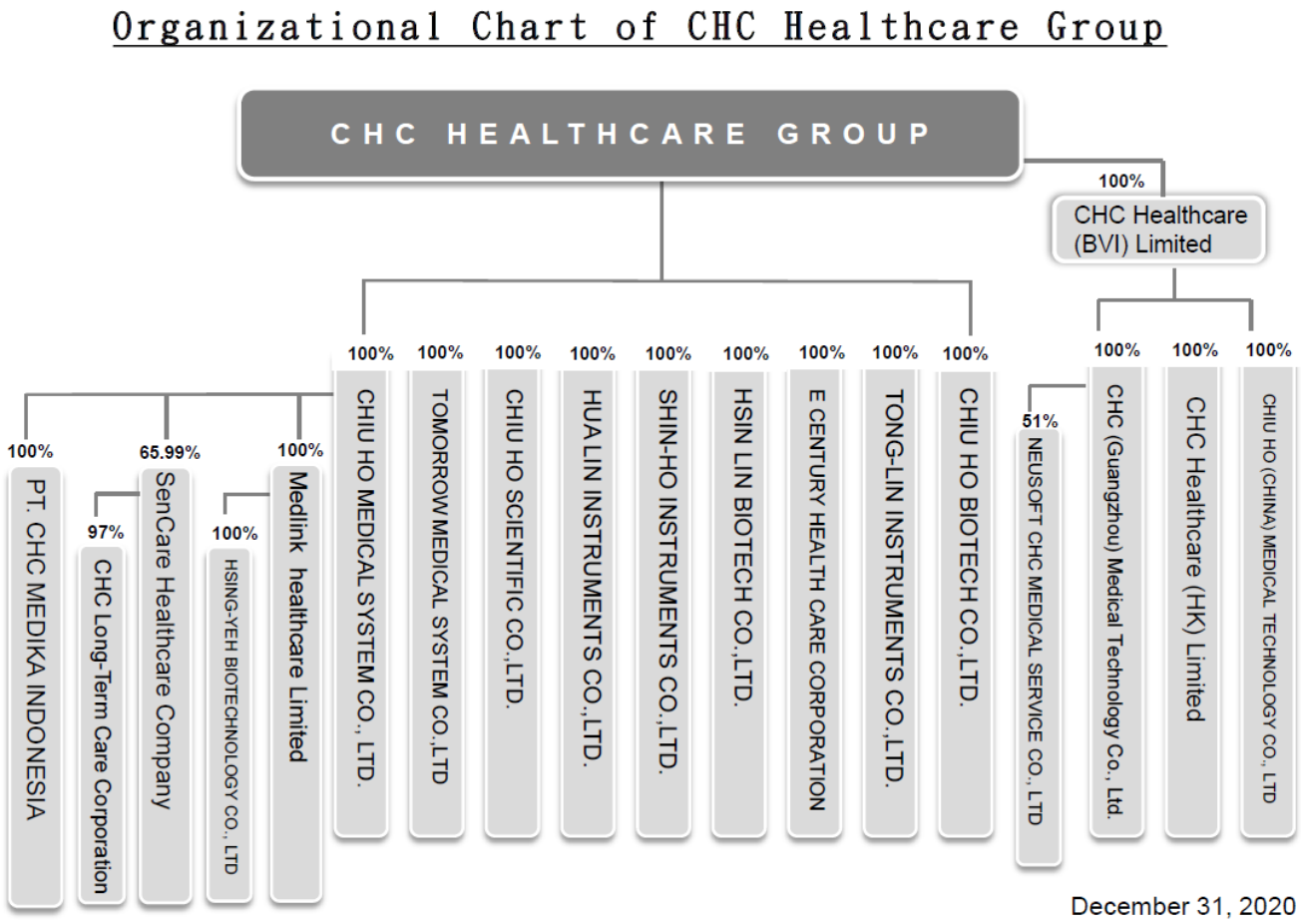
None.

Eight. Special Disclosure

I. Summary of Affiliated Companies

(I)Consolidated business report of the affiliated enterprises

1. Organizational chart of the affiliated enterprises



2. Basic information of each affiliated enterprise

December 31,2020 Unit: NT$ (unless otherwise provided)

Company	Incorporation date	Address	Paid-in capital	Main business operation or products
Chiu Ho Medical System Co., Ltd.	03/17/2000	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	3,775,400,000	Medical instrument sales, leasing, and service
Tomorrow Medical System Co., Ltd.	03/20/2006	6F, No. 366, Changchun Road, Jhongshan District, Taipei City	708,000,000	Medical instrument sales, leasing, and service
Chiu Ho Scientific Co., Ltd.	03/17/2006	4F-1, No. 380, Changchun Road, Jhongshan District, Taipei City	98,538,410	Ophthalmic equipment sales, leasing, and service
Hua Lin Instruments Co., Ltd.	07/10/1999	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	486,000,000	Medical instrument leasing
Shin-Ho Instruments Co., Ltd.	10/16/2002	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	113,000,000	Medical instrument leasing
Hsin Lin Biotech Co., Ltd.	03/07/2008	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	80,000,000	Medical instrument leasing
E Century Health Care Corporation	12/06/2002	6F, No. 366, Changchun Road, Jhongshan District, Taipei City	600,000,000	Medical instrument leasing
Tong-Lin Instruments Co., Ltd.	02/25/2002	5F-1, No. 380, Changchun Road, Jhongshan District, Taipei City	400,000,000	Medical instrument leasing
Chiu Ho Biotech Co., Ltd.	12/16/2003	5F-1, No. 380, Changchun Road, Jhongshan District, Taipei City	330,000,000	Medical instrument leasing
CHC Healthcare (BVI) Limited	11/23/2010	Walkers Chambers P.O. Box 92, Road Town, Tortola, British Virgin Islands	USD940	Holding and indirect investment
CHC Healthcare (HK) Limited	09/19/2012	Unit 806, 8/F Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong	HKD 1,000,000	Medical instrument sales, leasing, and service
CHC (Guangzhou) Medical Technology Co., Ltd.	07/13/2011	1009 GIE Tower, No. 403 HuangShi Rd. East, Yuexiu Dist., GuangZhou 510095, P.R.C	USD 9,502,777.42	Medical instrument sales, leasing, and service
Chiu Ho (China) Medical Technology Co., Ltd	05/30/2013	Room 1501, Fangheng Times Center, Building B, No. 10 Courtyard, Wangjing Street, Chaoyang District, Beijing City	USD 7,544,411.00	Medical instrument sales, leasing, and service
Medlink Healthcare Limited	01/21/2015	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	1,541,250,000	Medical instrument sales
Hsing-Yeh Biotechnology Co., Ltd	09/21/2015	5F, No. 380, Changchun Road, Jhongshan District, Taipei City	936,000,000	Medical instrument sales, leasing, and drug sales
Neusoft CHC Medical Service Co., Ltd	03/28/2018	Room 227, No. 177-1, ChuangXin Street, Hun Nan District, Shenyang, Liaoning Province, 110179, China	RMB 30,000,000	Medical instrument sales, leasing, and service
SenCare Healthcare Company	09/27/2018	5F, No. 88, Xing'ai Rd., Neihu Dist., Taipei City	294,000,000	Management consulting and elderly residence
PT CHC Medika Indonesia	03/21/2017	Jl. Lebak Bulus 1 Lt. B1 Kav. 29 Kel. Cilandak Barat, Kec. Cilandak, Jakarta Selatan Indonesia	IDR 1,568,000,000	Medical instrument leasing
CHC Long-Term Care Corporation	12/31/2019	30, Lane 321, Yangxin N. Rd., Yangmei District, Taoyuan City	32,000,000	Long-term care service

3. The information of the same shareholders of the affiliated enterprises that are presumed to be with a control and subordination relationship with the Company: Not applicable.

4. The overall business operation of the affiliated enterprises

The businesses of the Company and the Company's affiliated enterprises include medical instrument wholesale, medical instrument retail, medical instrument leasing, holdings, general investment, and pharmaceuticals trading. The division of labor is as follows:

Name of enterprises	Division of labor
Chiu Ho Medical System Co., Ltd., Tomorrow Medical System Co., Ltd., and Chiu Ho Scientific Co., Ltd.	Medical instrument sales, leasing, and service
Hua Lin Instruments Co., Ltd., Shin-Ho Instruments Co., Ltd., Hsin Lin Biotech Co., Ltd., E Century Health Care Corporation, Tong-Lin Instruments Co., Ltd., Chiu Ho Biotech Co., Ltd., Neusoft CHC Medical Service Co., Ltd., and PT CHC Medika Indonesia	Medical instrument leasing
CHC Healthcare (BVI) Limited	Holding and indirect investment
CHC Healthcare (HK) Limited, CHC (Guangzhou) Medical Technology Co., Ltd., and Chiu Ho (China) Medical Technology Co., Ltd.,	Medical instrument sales, leasing, and service
Medlink Healthcare Limited	Medical instrument sales
Hsing-Yeh Biotechnology Co., Ltd	Medical instrument sales, leasing, and drug sales
SenCare Healthcare Company	Management consulting and elderly residence
CHC Long-Term Care Corporation	Long-term care service

5.Information on the directors, supervisors, and president of each affiliated enterprise

December 31,2020 Unit：Shares; %

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
Chiu Ho Medical System Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	377,540,000	100%
Tomorrow Medical System Co., Ltd.	Chairman Director Director Supervisor	Tzu-Lan Tung (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	70,800,000	100%
Chiu Ho Scientific Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	9,853,841	100%
Hua Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	48,600,000	100%
Shin-Ho Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	11,300,000	100%
Hsin Lin Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) MingLun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	8,000,000	100%
E Century Health Care Corporation	Chairman Director	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company)	60,000,000	100%

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
	Director Supervisor	Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)		
Tong-Lin Instruments Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	40,000,000	100%
Chiu Ho Biotech Co., Ltd.	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of the Company) Ming-Lun Lee (Representative of the Company) Yi-Chun Chen (Representative of the Company) Tien-Ying Lee (Representative of the Company)	33,000,000	100%
CHC Healthcare (BVI) Limited	Chairman	Pei-Lin Lee (Representative of the Company)	940	100%
CHC Healthcare (HK) Limited	Chairman	Pei-Lin Lee	100,000	100%
CHC (Guangzhou) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 9,502,777.42 (Note 1)	100%
Chiu Ho (China) Medical Technology Co., Ltd.	Chairman / President	Hsin-Hsiung Huang (Representative of CHC Healthcare (BVI) Limited)	USD 7,544,411.00 (Note 1)	100%
Medlink Healthcare Limited	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Yi-Chun, Chen (Representative of Chiu Ho Medical System Co., Ltd.) Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.)	154,125,000	100%
Hsing-Yeh Biotechnology Co., Ltd	Chairman Director Director Supervisor	Pei-Lin Lee (Representative of Medlink Healthcare Limited) Ming-Lun Lee (Representative of Medlink Healthcare Limited) Yi-Chun Chen (Representative of Medlink Healthcare Limited) Tien-Ying Lee (Representative of Medlink Healthcare Limited)	93,600,000	100%
Neusoft CHC Medical Service Co., Ltd	Chairman Director Director Director Director Supervisor Supervisor	Shaojie Wu (Representative of Neusoft Medical Technology Co., Ltd.) Donglong Han (Representative of Neusoft Medical Technology Co., Ltd.) Tien-Ying Lee (Representative of Guangzhou Chiuho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Guangzhou Chiuho Medical System Co., Ltd.) Fangqin Zhang (Representative of Guangzhou Chiuho Medical System Co., Ltd.) Yi-Chun Chen (Representative of Guangzhou Chiuho Medical System Co., Ltd.) Sue Kong (Representative of Neusoft Medical Technology Co., Ltd.)	RMB 15,300,000 (Note 1)	51%
SenCare Healthcare Company	Chairman Director Director Director Director Supervisor Supervisor	Tien-Ying Lee (Representative of Chiu Ho Medical System Co., Ltd.) Pei-Lin Lee (Representative of Chiu Ho Medical System Co., Ltd.) Ming-Lun Lee (Representative of Chiu Ho Medical System Co., Ltd.) Sakurajyuji Co., Ltd. KAJI MASATO Yi-Chun Chen NISHIKAWA TOMOKI	19,400,000	65.99%

Company	Job title	Name or representative	Shareholdings	
			Shares	Shareholding ratio (%)
PT CHC Medika Indonesia	Director Supervisor	ANNY EKA YASIKA LIN MENG YU	1,568	100%
CHC Long-Term Care Corporation	Chairman Director Director Supervisor	Pei-Lin, Lee Tien-Ying Lee (Representative of SenCare Healthcare Company) Yi-Jun Chen Mingfa Hsieh	31,040,000 (Note 2)	97%

Note 1: It is a limited company without any share issued, so the invested capital amount and ratio are listed.
Note 2: Juridical association, and unissued shares, therefore the listing of share capital and ratio of capital contribution.

6. Affiliated enterprise operational overview

Unit: NT$ thousands

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Chiu Ho Medical System Co., Ltd.	3,775,400	5,713,685	1,437,884	4,275,801	1,314,178	208,348	177,275	0.54
Tomorrow Medical System Co., Ltd.	708,000	1,710,776	916,145	794,631	268,103	30,749	17,137	0.33
Chiu Ho Scientific Co., Ltd.	98,538	279,822	124,700	155,122	171,541	38,131	30,487	3.09
Hua Lin Instruments Co., Ltd.	486,000	767,367	183,276	584,091	206,886	46,407	37,210	0.68
Shin-Ho Instruments Co., Ltd.	113,000	161,452	46,404	115,048	0	(2,644)	(2,883)	(0.31)
Hsin Lin Biotech Co., Ltd.	80,000	84,736	2,537	82,199	24,509	4,122	5,449	0.68
E Century Health Care Corporation	600,000	894,111	87,160	806,951	308,116	101,608	81,254	1.35
Tong-Lin Instruments Co., Ltd.	400,000	583,202	102,096	481,106	189,012	48,564	38,916	0.97
Chiu Ho Biotech Co., Ltd.	330,000	355,347	8,426	346,921	72,117	9,642	7,736	0.23
CHC Healthcare (BVI) Limited	28	411,100	0	411,100	0	(39)	(16,318)	(17,359.57)
CHC Healthcare (HK) Limited	3,697	37,729	0	37,729	0	(47)	(186)	(1.86)
CHC (Guangzhou) Medical Technology Co., Ltd. (Note 5)	270,639	243,483	5,440	238,043	42,271	(241)	(16,138)	Note 3
Chiu Ho (China) Medical Technology Co., Ltd.	214,865	128,236	996	127,240	11,437	(1,974)	(13)	Note 3
Medlink Healthare Limited	1,541,250	1,620,892	32,525	1,588,367	0	(498)	29,756	0.19
Hsing-Yeh Biotechnology Co., Ltd.	936,000	1,090,730	94,688	996,042	217,975	37,049	35,434	0.38
Neusoft CHC	131,311	107,427	0	107,427	2,760	(8,287)	(7,310)	Note 3

Company	Capital stock	Total assets	Total liabilities	Net worth	Operating income	Operating profits	Profit and loss (after tax)	Earnings per share (NT$) (after tax)
Medical Service Co., Ltd								
SenCare Healthcare Company	294,000	294,040	3,038	291,002	0	(414)	348	0.01
PT CHC Medika Indonesia	3,398	2,133	2,446	(313)	6,302	(1,567)	(1,547)	(986.61)
CHC Long-Term Care Corporation	32,000	31,542	43	31,499	0	(475)	(461)	Note 4

Note 1: It is filled out in accordance with the individual financial report that is audited by a certified public accountant in conformity with the International Financial Reporting Standards.

Note 2: The exchange rate of each currency to New Taiwan dollar is based on the announcement of the Bank of Taiwan: USD to NTD was 28.48 on December 31, 2020; USD to RMB was 6.5067 on December 31, 2020; USD to HKD was 7.7539 on December 31, 2020; NTD to IDR was 0.00203 on December 31, 2020; the average USD to NTD was 29.55 in 2020; the average USD to RMB was 6.9010 in 2020; the average USD to HKD was 7.7579 in 2020, and the average NTD to IDR was 0.00205 in 2020.

Note 3: It is not applicable to a limited company that does not issue stock shares.

Note 4: Juridical association, unissued shares, therefore not applicable.

Note 5: The subsidiary, formerly known as Guangzhou Chiuho Medical System Co., Ltd., has been renamed into CHC (Guangzhou) Medical Technology Co., Ltd. since April 28, 2020.

(II) Consolidated financial statements of the affiliated enterprises

The companies to be included in the Company's 2020 (from January 1, 2020 to December 31, 2020) consolidated financial statements of the affiliated enterprises in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same companies to be included in the consolidated financial statements of the parent company and subsidiaries in accordance with Article 27 of the International Accounting Standards; also, the relevant information in the consolidated financial statements of the affiliated enterprise that should be disclosed has already been disclosed in the aforementioned consolidated financial statements of the parent company and subsidiaries. Therefore, the consolidated financial statements of the affiliated enterprise will not be prepared separately.

(III) Relationship report

According to the provisions of Article 369-12 of the Company Act, the Company is not a public offering company's subsidiary, so it is not necessary to prepare a relationship report.

II. Private Placement Securities in the Most Recent Years

None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

None.

IV. Other supplementary information

None.

V. The impact of the events as stipulated in Subparagraph 2, Paragraph 3, Article 36 of the Securities Exchange Act on shareholder's equity or security price in the most recent year and as of the annual report printing date

None.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of CHC Healthcare Group as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHC Healthcare Group and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

CHC HEALTHCARE GROUP

By

Pei-Lin Lee
Chairman

March 19, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying consolidated balance sheets of CHC Healthcare Group and subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion

thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2020, the Group generated goodwill of NT$150,617 thousand as a result of the merger with Shih-Lu Co., Ltd.

After identifying the smallest cash generating unit which can generate independent cash flows, the Group used the recoverable amount of each cash generating unit to assess whether goodwill may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgment and have high uncertainty, we considered the impairment assessment of goodwill a key audit matter.

Refer to Note 4(20) for the accounting policy on goodwill impairment, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to goodwill impairment and Note 6(30) for related details.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on how management identifies the objective evidence of goodwill impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Obtained the report on the valuation of the subsidiary issued by an expert appointed by the management and performed the following:

(1) Assessed the expert's independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation model is reasonable based on our knowledge of the Group's businesses and industry.

(3) Confirmed whether the expert uses the same future cash flows relative to the budget for the future years provided by the management.

(4) Checked whether the comparable assets adopted in appraisal report are consistent with the

actual operations.

(5) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Impairment assessment of property, plant and equipment

Description

Some of the Group's leasing businesses were not as profitable as expected due to fierce competition in the healthcare industry. The Group assesses the impairment based on the estimated recoverable amounts of leasing assets (shown as property, plant and equipment) where there is an indication that they are impaired. Given that the calculation of recoverable amounts requires significant accounting estimates relying on subjective judgment and uncertainty, we considered the impairment assessment of leasehold assets using the cash-generating units as a key audit matter.

Refer to Note 4(20) for the accounting policy on asset impairment and Note 5(2) for accounting estimates and assumption uncertainty of asset impairment.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on how management identifies the objective evidence of impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Acquired the asset appraisal report issued by an expert appointed by the management and performed the following:

(1) Assessed the independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation method is widely adopted and appropriate based on our knowledge of the Group's businesses and industry.

(3) Confirmed whether the replacement cost, comparative objects and the assets' use indicated on the appraisal report are consistent with the actual operations.

(4) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of CHC Healthcare Group as at and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan
March 19, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,380,522	12	$ 1,245,235	11
1110	Financial assets at fair value through profit or loss - current	6(2)(25)	106,000	1	71,369	1
1136	Current financial assets at amortised cost	6(4)(23) and 8	287,540	2	348,101	3
1140	Contract assets - current	6(22)	38,177	-	46,464	-
1150	Notes receivable, net	6(5)	35,756	-	56,562	-
1170	Accounts receivable, net	6(5)	482,621	4	507,614	5
1180	Accounts receivable - related parties	7	228,448	2	243,858	2
1200	Other receivables		1,153	-	1,148	-
1210	Other receivables due from related parties	7	173,869	2	178,869	2
1220	Current tax assets		2,123	-	2,493	-
130X	Inventories	6(6)(9)	313,692	3	439,674	4
1410	Prepayments	6(7) and 7	433,600	4	363,010	3
1470	Other current assets		1,728	-	5,131	-
11XX	**Total current assets**		3,485,229	30	3,509,528	31
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)	600	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	35,781	-	38,681	-
1535	Non-current financial assets at amortised cost	6(4)(23) and 8	240,885	2	246,358	2
1560	Non-current contract assets	6(22)	58,371	1	34,438	-
1550	Investments accounted for using equity method	6(8)(25)	-	-	8,963	-
1600	Property, plant and equipment	6(9)(12) and 8	5,382,011	47	4,691,417	42
1755	Right-of-use assets	6(10)	73,452	1	29,828	-
1760	Investment property, net	6(9)(12) and 8	1,463,155	13	1,210,388	11
1780	Intangible assets	6(30)	159,151	1	159,151	1
1840	Deferred tax assets	6(28)	88,383	1	84,751	1
1930	Long-term notes and accounts receivable	6(5)	154,824	1	174,040	2
1940	Long-term notes and accounts receivable - related parties	7	36,406	-	49,364	1
1990	Other non-current assets	6(9)(13) and 8	365,573	3	968,418	9
15XX	**Total non-current assets**		8,058,592	70	7,695,797	69
1XXX	**Total assets**		$ 11,543,821	100	$ 11,205,325	100

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(14) and 8	$ 190,234	2	$ 471,591	4
2130	Contract liabilities - current	6(22)	152,413	1	78,966	1
2150	Notes payable		2,417	-	3,495	-
2170	Accounts payable		152,900	1	219,813	2
2180	Accounts payable - related parties	7	-	-	136	-
2200	Other payables	6(9)	101,262	1	168,781	1
2230	Current tax liabilities		92,550	1	67,742	1
2250	Provisions for liabilities - current		22,021	-	18,798	-
2280	Current lease liabilities		10,788	-	7,425	-
2300	Other current liabilities	6(15)(16),7 and 8	328,801	3	2,012,344	18
21XX	**Total current liabilities**		1,053,386	9	3,049,091	27
	Non-current liabilities					
2527	Contract liabilities - non-current	6(22)	636,740	6	660,942	6
2530	Bonds payable	6(15) and 8	1,488,808	13	-	-
2540	Long-term borrowings	6(16) and 8	2,227,892	19	2,090,662	19
2550	Provisions for liabilities - non-current	6(9)	12,858	-	400	-
2570	Deferred tax liabilities	6(28)	40,303	-	40,161	1
2580	Non-current lease liabilities		63,542	1	22,809	-
2600	Other non-current liabilities		20,291	-	23,921	-
25XX	**Total non-current liabilities**		4,490,434	39	2,838,895	26
2XXX	**Total liabilities**		5,543,820	48	5,887,986	53
	Equity attributable to owners of the parent					
	Share capital	6(15)(18)(19)				
3110	Common stock		1,570,439	14	1,416,335	13
	Capital surplus	6(15)(18)(20)				
3200	Capital surplus		3,427,278	29	2,981,939	26
	Retained earnings	6(21)				
3310	Legal reserve		317,065	3	277,548	2
3320	Special reserve		387,852	3	363,621	3
3350	Unappropriated retained earnings		566,883	5	545,509	5
	Other equity	6(3)				
3400	Other equity		(387,124)	(3)	(387,852)	(3)
3500	**Treasury shares**	6(19)	(34,956)	-	(34,956)	-
31XX	**Total equity attributable to owners of the parent**		5,847,437	51	5,162,144	46
36XX	**Non-controlling interest**		152,564	1	155,195	1
3XXX	**Total equity**		6,000,001	52	5,317,339	47
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 11,543,821	100	$ 11,205,325	100

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	**Operating revenue**	6(5)(11)(12)(22) and 7	$ 2,554,911	100	$ 2,950,052	100
5000	**Operating costs**	6(6)(10)(17)(18)(27) and 7	(1,724,201)	(68)	(2,144,050)	(73)
5950	**Gross profit**		830,710	32	806,002	27
	Operating expenses	6(10)(17)(18)(27)				
6100	Selling expenses		(118,774)	(5)	(124,041)	(4)
6200	General and administrative expenses		(191,688)	(7)	(166,584)	(6)
6300	Research and development expenses		(6,252)	-	(4,874)	-
6450	Gain on expected credit impairment loss		(890)	-	19,068	1
6000	**Total operating expenses**		(317,604)	(12)	(276,431)	(9)
6900	**Operating profit**		513,106	20	529,571	18
	Non-operating income and expenses					
7100	Interest income	6(4)(23) and 7	12,049	1	11,696	-
7010	Other income	6(11)(24)	10,888	-	20,536	1
7020	Other gains and losses	6(2)(8)(9)(25)	6,437	-	(5,233)	-
7050	Finance costs	6(26)	(78,208)	(3)	(78,344)	(3)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(8)	(276)	-	(1,633)	-
7000	**Total non-operating income and expenses**		(49,110)	(2)	(52,978)	(2)
7900	**Profit before income tax**		463,996	18	476,593	16
7950	Income tax expense	6(28)	(101,084)	(4)	(86,162)	(3)
8200	**Profit for the year**		$ 362,912	14	$ 390,431	13
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	($ 2,900)	-	($ 8,550)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		4,461	-	(16,933)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		-	-	40	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(28)	13	-	(8)	-
8300	**Other comprehensive loss for the year**		$ 1,574	-	($ 25,451)	(1)
8500	**Total comprehensive income for the year**		$ 364,486	14	$ 364,980	12
	Profit attributable to:					
8610	Owners of the parent		$ 366,389	14	$ 395,172	13
8620	Non-controlling interest		($ 3,477)	-	($ 4,741)	-
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 367,117	14	$ 370,941	12
8720	Non-controlling interest		($ 2,631)	-	($ 5,961)	-
	Earnings per share					
9750	**Basic earnings per share**	6(29)	$	2.53	$	2.83
9850	**Diluted earnings per share**	6(29)	$	1.95	$	2.46

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity attributable to owners of the parent													
			Capital Reserves				Retained Earnings			Other Equity Interest					
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee stock options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
2019															
Balance at January 1, 2019		$ 1,399,136	$ 2,830,390	$ 173	$ 52,641	$ 47,049	$ 245,206	$ 33,211	$ 763,134	($ 29,237)	($ 334,384)	($ 34,956)	$ 4,972,363	$ 161,156	$ 5,133,519
Consolidated net income		-	-	-	-	-	-	-	395,172	-	-	-	395,172	(4,741)	390,431
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	(15,681)	(8,550)	-	(24,231)	(1,220)	(25,451)
Total comprehensive income (loss)		-	-	-	-	-	-	-	395,172	(15,681)	(8,550)	-	370,941	(5,961)	364,980
Appropriations of 2018 earnings	6(21)														
Legal reserve		-	-	-	-	-	32,342	-	(32,342)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	330,410	(330,410)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(250,045)	-	-	-	(250,045)	-	(250,045)
Conversion of convertible bonds	6(15)(19)	7,809	22,883	-	-	(779)	-	-	-	-	-	-	29,913	-	29,913
Exercise of employee stock options	6(18)(19)	9,390	71,363	-	(47,507)	-	-	-	-	-	-	-	33,246	-	33,246
Compensation cost of employee stock options	6(18)	-	-	-	2,134	-	-	-	-	-	-	-	2,134	-	2,134
Compensation cost of employee stock options of subsidiaries	6(18)	-	-	-	3,592	-	-	-	-	-	-	-	3,592	-	3,592
Expired employee stock options		-	-	-	(1,897)	1,897	-	-	-	-	-	-	-	-	-
Balance at December 31, 2019		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144	$ 155,195	$ 5,317,339
2020															
Balance at January 1, 2020		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144	$ 155,195	$ 5,317,339
Consolidated net income		-	-	-	-	-	-	-	366,389	-	-	-	366,389	(3,477)	362,912
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	3,628	(2,900)	-	728	846	1,574
Total comprehensive income (loss)		-	-	-	-	-	-	-	366,389	3,628	(2,900)	-	367,117	(2,631)	364,486
Appropriations of 2019 earnings	6(21)														
Legal reserve		-	-	-	-	-	39,517	-	(39,517)	-	-	-	-	-	-
Special reserve		-	-	-	-	-	-	24,231	(24,231)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(281,267)	-	-	-	(281,267)	-	(281,267)
Conversion of convertible bonds	6(15)(19)	151,509	424,330	-	-	(14,446)	-	-	-	-	-	-	561,393	-	561,393
Issuance of convertible bonds	6(15)	-	-	-	-	25,350	-	-	-	-	-	-	25,350	-	25,350
Exercise of employee stock options	6(18)(19)	2,595	7,840	-	(2,195)	-	-	-	-	-	-	-	8,240	-	8,240
Compensation cost of employee stock options	6(18)	-	-	-	1,482	-	-	-	-	-	-	-	1,482	-	1,482
Compensation cost of employee stock options of subsidiaries	6(18)	-	-	-	2,978	-	-	-	-	-	-	-	2,978	-	2,978
Expired employee stock options		-	-	-	(74)	74	-	-	-	-	-	-	-	-	-
Balance at December 31, 2020		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437	$ 152,564	$ 6,000,001

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 463,996	$ 476,593
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)		890	(19,068)
Depreciation charge	6(9)(10)(12)(27)	440,349	411,752
Loss on disposal of property, plant and equipment	6(25)	690	3,142
Property, plant and equipment transferred to expenses	6(9)	84	-
Interest expense		68,134	71,846
Interest income	6(23)	(12,049)	(11,696)
Dividend income	6(24)	(1,015)	(967)
Share of loss of associates and joint ventures accounted for using equity method	6(8)	276	1,633
Net gain on disposal of investments accounted for using equity method	6(8)(25)	-	(143)
Gain on financial assets or liabilities at fair value through profit or loss	6(25)	(37,382)	(17,403)
Amortisation of discount on bonds payable	6(26)	13,922	12,357
Compensation cost of employee stock options	6(18)(27)	4,460	5,726
Impairment loss on non-financial assets	6(25)	-	12,595
Changes in operating assets and liabilities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		3,181	-
Contract assets		(15,641)	(39,946)
Notes receivable		28,426	-
Accounts receivable		35,740	(54,847)
Accounts receivable - related parties		28,312	8,937
Other receivables		495	(943)
Inventories		121,271	(26,113)
Prepayments		(70,590)	96,680
Other current assets		3,403	1,792
Changes in operating liabilities			
Contract liabilities		40,815	394,698
Notes payable		(1,413)	(851)
Accounts payable		(67,865)	14,252
Accounts payable - related parties		(136)	(4,426)
Other payables		(6,597)	17,447
Provisions for liabilities		3,223	8,113
Other current liabilities		(2,276)	6,158
Cash inflow generated from operations		1,042,703	1,367,318
Dividends received during the year		515	967
Interest paid during the year		(60,433)	(66,855)
Interest received during the year		12,049	11,696
Income tax paid		(79,369)	(97,933)
Net cash flows from operating activities		915,465	1,215,193

(Continued)

CHC HEALTHCARE GROUP AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		$ -	($ 348,101)
Proceeds from disposal of financial assets at amortised cost		60,561	-
Decrease (increase) in other receivables - related parties		5,000	(25,500)
Proceeds from disposal of investments accounted for using equity method		8,833	7,770
Acquisition of property, plant and equipment	6(9)	(721,260)	(344,308)
Proceeds from disposal of property, plant and equipment		2,591	71,277
Acquisition of investment property	6(12)	(10,717)	(17,770)
Increase in refundable deposits		(217,061)	(325,393)
Decrease in refundable deposits		235,572	261,373
(Increase) decrease in other non-current assets		(94,581)	48,196
Net cash flows used in investing activities		(731,062)	(672,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(32)	3,039,866	4,568,609
Decrease in short-term loans	6(32)	(3,321,223)	(4,784,005)
Payments of lease liabilities	6(32)	(10,162)	(6,799)
Proceeds from long-term debt	6(32)	1,079,490	196,500
Repayments of long-term debt	6(32)	(1,464,056)	(265,101)
Increase in guarantee deposits received	6(32)	10,279	16,401
Decrease in guarantee deposits received	6(32)	(13,609)	(12,258)
Decrease in other non-current liabilities		-	(1,340)
Proceeds from issuing bonds	6(15)	1,515,000	-
Issuance cost of bonds payable		(6,274)	-
Repayments of bonds	6(15)	(607,600)	-
Exercise of employee stock options	6(18)	8,240	33,246
Payment of cash dividends	6(21)	(281,267)	(250,045)
Net cash flows used in financing activities		(51,316)	(504,792)
Effect of changes in foreign currency exchange rates on cash and cash equivalents		2,200	(2,346)
Increase in cash and cash equivalents		135,287	35,599
Cash and cash equivalents at beginning of year		1,245,235	1,209,636
Cash and cash equivalents at end of year		$ 1,380,522	$ 1,245,235

The accompanying notes are an integral part of these consolidated financial statements.

CHC HEALTHCARE GROUP AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group (CHC or the "Company") was incorporated in the Republic of China. The shares of the Company were listed on the Taiwan Stock Exchange on October 24, 2012. The Company and its subsidiaries (the "Group") are primarily engaged in the trading of pharmaceutical products and the sale, leasing, installation, and repair of medical instruments.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 19, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) Effect of IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets and liabilities at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are

adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
CHC	Chiu Ho Medical System Co., Ltd. (Chiu Ho Medical)	Medical instrument sale, leasing and services	100	100	
CHC	Tomorrow Medical System Co., Ltd. (Tomorrow)	Medical instrument sale, leasing and services	100	100	
CHC	Chiu Ho Scientific Co., Ltd. (Chiu Ho Scientific)	Ophthalmic equipment sale, leasing and services	100	100	
CHC	Chiu Ho Biotech Co., Ltd. (Chiu Ho Biotech)	Medical instrument leasing	100	100	
CHC	Shin-Ho Instruments Co., Ltd. (Shin-Ho)	Medical instrument leasing	100	100	
CHC	Tong-Lin Instruments Co., Ltd. (Tong-Lin)	Medical instrument leasing	100	100	
CHC	Hua Lin Instruments Co., Ltd. (Hua Lin)	Medical instrument leasing	100	100	
CHC	Hsin Lin Biotech Co., Ltd. (Hsin Lin)	Medical instrument leasing	100	100	
CHC	E Century Healthcare Corporation (E Century)	Medical instrument leasing	100	100	
CHC	CHC Healthcare (BVI) Limited (CHC (BVI))	Holdings and indirect investments	100	100	
Chiu Ho Medical	Medlink Healthcare Limited (Medlink)	Medical instrument sale	100	100	
Chiu Ho Medical	SenCare Healthcare Company (SenCare)	Consulting service and elderly residence	66	66	
Chiu Ho Medical	PT CHC Medika Indonesia (PT CHC)	Medical instrument leasing	100	100	Note 1
Medlink	Hsing-Yeh Biotechnology Co., Ltd. (Hsing-Yeh)	Medical instrument sale and leasing; drug sale	100	100	

Investor	Subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
SenCare	CHC Long-Term Care Corporation (CHC LTC)	Long-term care services	97	97	Note 2
CHC (BVI)	CHC Healthcare (HK) Limited (CHC (HK))	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	CHC (Guangzhou) Medical Technology Co., Ltd. (formerly: Guangzhou Chiuho Medical System Co., Ltd.) (CHC Guangzhou)	Medical instrument sale, leasing and services	100	100	
CHC (BVI)	Chiu Ho (CHINA) Medical Technology Co., Ltd. (Chiu Ho (CHINA))	Medical instrument sale, leasing and services	100	100	
CHC (Guangzhou)	Neusoft CHC Medical Service Co., Ltd. (Neusoft CHC)	Medical instrument leasing	51	51	

Note 1: On May 2, 2019, the Company's subsidiary, Chiu Ho Medical, invested in PT CHC which was included in the consolidated financial statements thereafter.

Note 2: On December 31, 2019, the Company's subsidiary, SenCare, established CHC LTC which was included in the consolidated financial statements thereafter.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains or losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to

known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that are recognised in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognised the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component, lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Leasing arrangements (lessor)-lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

C. If the Group recognises rental revenue based on a certain percentage of lessees' operating revenue, then the rent is belong to a contingent rent, which should be treated as an operating lease. The revenue will be recognised based on the receivable rents during the contract period.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. Some subsidiaries entered into an agency contract with the original equipment manufacturer for repair

parts. Under a range of guarantee paid by subsidiaries, repair parts will be provided by the original equipment manufacturer without consideration. Subsidiaries return those repair parts, and the original equipment manufacturer returns the guarantee if the agency contract is terminated.

(15) Investments accounted for using the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds the Group's interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	40 ~ 50 years
Transportation equipment	5 years
Machinery and equipment	3 ~ 12 years
Leased assets-Machinery and equipment	1.33 ~ 50 years
Leased assets-others	1.42 ~ 15 years
Other equipment	1 ~ 50 years
Leasehold improvements	2 ~ 3 years

(17) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the

lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10~55 years.

(19) Intangible assets

Goodwill arises in a business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of Goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use an evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

Borrowings comprise long-term and short-term bank borrowings.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(23) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus - share options'.

(24) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Provisions

Provisions (including warranties and decommissioning) are recognised when the Group has a

present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(27) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that subscription price and shares are determined.

(29) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(30) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received,

net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(31) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(32) Revenue recognition

A. Sales of goods

(a) The Group sells medicine and medical equipment. Sales are recognised when control of the products has transferred, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide maintenance and repair services for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(d) Installment sales with periodic collections of consideration

Revenue attributable to the sales price (excluding interest) is recognised on the date of sale. The sales price is the present value of consideration to be collected, calculated by discounting future payments receivable. Interest income is recognised when earned using the effective interest method.

B. Maintenance, repair, and installation service

(a) The Group provides maintenance, repair, and installation services for medical equipment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total expected cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

(b) Certain customer contracts include equipment sale and installation services. In such contracts, the Group provides a significant service of integrating goods and services into a combined item, therefore the equipment and the installation service cannot be

separately identified. The timing of revenue recognition is the same as that of the sale of goods.

(c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(d) Revenue from a service contract in which the Group bills a fixed amount based on the period of service provided is recognised at the amount to which the Group has the right to invoice.

C. For detailed information on rental revenue, please refer to Note 4(13).

D. Financing components

The Group adjusts the transaction prices for the time value of money if the contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.

(33) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(34) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to

the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

Except for the accounting estimates (detailed in (2) below), the management does not make any judgment that significantly affect the recognised amounts in consolidated financial statements when applying the Group's accounting polices.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the actual results. The estimates and assumptions that may significantly adjust the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of tangible assets

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

B. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 1,166	$ 1,317
Checking accounts and demand deposits	1,329,356	1,113,477
Time deposits	50,000	130,441
	$ 1,380,522	$ 1,245,235

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group classified restricted cash and cash equivalents pledged to others for the performance of contract and bank borrowings as other non-current assets. Please refer to Note 8 for details.

(2) Financial assets at fair value through profit or loss

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 99,427	$ 74,900
Non-hedging derivatives (Redemption rights to the third domestic issuance of secured convertible corporate bonds)	-	284
Valuation adjustment	6,573	(3,815)
	$ 106,000	$ 71,369
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives (Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	$ 1,050	$ -
Valuation adjustment	(450)	-
	$ 600	$ -

For the years ended December 31, 2020 and 2019, net gain (loss) on financial assets at fair value through profit or loss was $37,382 and $17,403, respectively, shown as 'other gains and losses'.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Non-current items:		
Listed stocks		
S&S Healthcare Holding Ltd. (Note)	$ 340,215	$ 340,215
Unlisted stocks		
AESolution Biomedical Co., Ltd.	39,000	39,000
Huede Healthtech Co., Ltd.	2,400	2,400
Valuation adjustment	(345,834)	(342,934)
	$ 35,781	$ 38,681

Note: Formerly named as Swissray Global Healthcare Holding Ltd. and was renamed as S&S Healthcare Holdings Ltd. as resolved by the shareholders at their meeting on June 30, 2020.

A. The Group has elected to classify equity investments that are considered to be strategic

investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $35,781 and $38,681 as at December 31, 2020 and 2019, respectively.

B. The Group recognised ($2,900) and ($8,550) in other comprehensive loss for fair value change for the years ended December 31, 2020 and 2019, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits with maturity over three months	$ 287,540	$ 348,101
Non-current items:		
Time deposits with maturity over three months and a year	$ 240,885	$ 246,358

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2020	2019
Interest income	$ 5,306	$ 6,298

B. The Group's financial assets at amortised cost are time deposits in banks. Banks that the Group transacted with all have high credit quality.

C. Details of the Group's certain financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Notes and accounts receivable (including long-term notes and accounts receivable)

	December 31, 2020	December 31, 2019
Notes receivable	$ 4,407	$ 24,711
Installment notes receivable	32,898	33,740
Less: Unrealised interest revenue-installment notes receivable	(1,549)	(1,882)
	35,756	56,569
Less: Allowance for doubtful accounts	-	(7)
	$ 35,756	$ 56,562

	December 31, 2020	December 31, 2019
Accounts receivable	$ 376,520	$ 394,190
Installment accounts receivable	114,186	119,305
Less: Unrealised interest revenue-installment accounts receivable	(5,868)	(5,927)
Lease payments receivable	-	2,085
Less: Unearned finance income of finance lease	-	(107)
	484,838	509,546
Less: Allowance for doubtful accounts	(2,217)	(1,932)
	$ 482,621	$ 507,614

The Group sold equipment under installment payment and finance lease and recognised installment receivables with maturity over a year as long-term installment receivables (shown as 'long-term notes and accounts receivable'). On the balance sheet date, the Group's receivables arising from sales through installment payments and financial lease are as follows:

	December 31, 2020	December 31, 2019
Total long-term installment notes receivable	$ 29,510	$ 38,233
Less: Unrealised interest revenue - long-term installment notes receivable	(1,155)	(2,265)
Total long-term installment accounts receivable	142,629	140,005
Less: Unrealised interest revenue - long-term installment accounts receivable	(16,160)	(4,192)
Long-term lease payments receivable	-	2,464
Less: Unearned finance income of finance lease	-	(43)
	154,824	174,202
Less: Allowance for doubtful accounts	-	(162)
	$ 154,824	$ 174,040

Reconciliation of the undiscounted lease payments of the equipment lease under finance lease and the net investment under the finance lease is provided as follows:

	December 31, 2019		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Not later than one year	$ 2,085	($ 107)	$ 1,978
Non-current			
Over one year	2,464	(43)	2,421
	$ 4,549	($ 150)	$ 4,399

The Group has no receivables of the equipment lease under the finance lease as of December 31, 2020.

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2020	December 31, 2019
Not past due	$ 655,274	$ 711,744
Up to 1 month	9,124	10,780
Up to 2 months	4,106	935
Up to 3 months	5,450	120
Up to 4 months	44	210
Up to 5 months	44	1,992
Up to 6 months	188	-
Over 6 months	1,188	14,536
	$ 675,418	$ 740,317

The above receivables included the receivables generated from the Group's business activities of sales and lease of medical equipment and the ageing analysis was based on past

due month.

B. The Group expected to recover installment notes and accounts receivable as follows:

	December 31, 2020	December 31, 2019
Not later than one year	$ 139,667	$ 145,236
Over one year	154,824	171,781
	$ 294,491	$ 317,017

C. As of December 31, 2020, December 31, 2019 and January 1, 2019, the balances of receivables (including long-term receivables) from contracts with customers amounted to $429,848, $536,430, and $463,680, respectively.

D. For the years ended December 31, 2020 and 2019, the interest income (shown as 'others' in 'operating revenue') for installment notes and accounts receivable (including long-term) is recognised in profit or loss of $11,304 and $10,475, respectively.

E. As of September 30, 2019, the Group had outstanding discounted notes receivable amounting to RMB 3,980 thousand. The Group has no payment obligation when the drawers of the notes refuse to pay for the notes at maturity. Those discounted notes receivable were deducted directly from notes receivable. The notes receivable matured and was cashed on November 30, 2019.

F. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 464,826	($ 54,989)	$ 409,837
Inventory in transit	11,989	-	11,989
Less: Collateral pledged	(108,134)	-	(108,134)
	$ 368,681	($ 54,989)	$ 313,692

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise inventories	$ 546,942	($ 67,792)	$ 479,150
Inventory in transit	68,658	-	68,658
Less: Collateral pledged	(108,134)	-	(108,134)
	$ 507,466	($ 67,792)	$ 439,674

A. The abovementioned inventories were not secured or pledged to others.

B. The cost of inventories recognised as expense and operating costs for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	$ 890,013	$ 1,315,856
Repair supplies	80,401	62,760
Gain on reversal of decline in market value and obsolescence	(8,165)	(61)
Loss on physical inventory	2,464	-
Cost of inventories	964,713	1,378,555
Cost of rental	654,553	649,193
Cost of services	104,935	116,302
Total operating costs	$ 1,724,201	$ 2,144,050

The Group reversed a previous inventory write-down which was accounted for as deduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold in 2020 and 2019.

(7) Prepayments

	December 31, 2020	December 31, 2018
Prepayments to suppliers	$ 400,681	$ 313,752
Excess business tax paid	14,028	10,149
Others	18,891	39,109
	$ 433,600	$ 363,010

(8) Investments accounted for using equity method

	December 31, 2020		December 31, 2019	
Associates	Ownership %	Book value	Ownership %	Book value
Neusoft-CHC office of Medical Intelligence & Services, Shenyang	-	$ -	-	$ -
Dalian Neusoft Kangrui Jiuhe Medical Management Co., Ltd.	-	-	40%	8,686
CHENG-HSIN Biotechnology Co., Ltd.	40%	-	40%	277
		$ -		$ 8,963

A. The summarised financial information of the associates that are not material to the Group is as follows:

	Years ended December 31,	
	2020	2019
Loss for the year	($ 276)	($ 1,633)
Other comprehensive income, net of tax	-	40
Total comprehensive loss for the year	($ 276)	($ 1,593)

B. The Group sold all its equity interest in Neusoft-CHC office of Medical Intelligence & Services, Shenyang on May 1, 2019 and recognised gain on disposal of investments amounting to $145.

C. Dalian Neusoft Kangrui Jiuhe Medical Management Co., Ltd. has been liquidated as approved by the local regulatory authority on June 2, 2020 and the Group has received the liquidation distributions receivable.

D. The Group is the single largest shareholder of CHENG-HSIN Biotechnology Co., Ltd with a 40% equity interest. Given that the remaining 60% equity interest in CHENG-HSIN Biotechnology Co., Ltd is held by other few investors that are related parties of another joint venture group, which indicates that the Group has no current ability to direct the relevant activities of CHENG-HSIN Biotechnology Co., Ltd, the Group has no control, but only has significant influence, over the investee.

(9) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2020										
Cost	$ 940,731	$ 580,096	$ 6,949	$ 127,469	$ 4,992,431	$ 903,669	$ 904	$ 32,269	$ 238,535	$ 7,823,053
Accumulated depreciation and impairment	-	(21,609)	(5,949)	(99,326)	(2,422,066)	(563,629)	(904)	(18,153)	-	(3,131,636)
	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417
2020										
Opening net book amount as at January 1	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417
Additions (Note 1)	-	73,517	190	2,979	81,134	74,096	191	8,509	434,166	674,782
Disposals	-	-	-	(3,133)	-	(19)	-	(112)	(17)	(3,281)
Depreciation charge	-	(14,686)	(783)	(6,663)	(317,692)	(69,739)	(8)	(3,227)	-	(412,798)
Reclassifications (Note 2)	(181,716)	(37,297)	-	4,459	1,383	10,762	-	(875)	633,237	429,953
Net exchange differences	-	1,301	3	(9)	560	9	-	3	71	1,938
Closing net book amount as at December 31	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011
At December 31, 2020										
Cost	$ 759,015	$ 610,155	$ 7,153	$ 130,468	$ 5,076,047	$ 988,515	$ 1,110	$ 33,593	$ 1,305,992	$ 8,912,048
Accumulated depreciation and impairment	-	(28,833)	(6,743)	(104,692)	(2,740,297)	(633,366)	(927)	(15,179)	-	(3,530,037)
	$ 759,015	$ 581,322	$ 410	$ 25,776	$ 2,335,750	$ 355,149	$ 183	$ 18,414	$ 1,305,992	$ 5,382,011

Note 1: The acquisition of property, plant and equipment includes increase in decommissioning cost in the amount of $12,458, increase in decommissioning liabilities in the amount of $12,458 (shown as 'non-current provisions'), the beginning and ending balances of payable on machinery and equipment in the amounts of $75,015 and $16,079, respectively, and the cash payment in the amount of $721,260.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Inventories transferred to property, plant and equipment amounted to $7,147.

(b) Property, plant and equipment transferred to inventories amounted to $2,316.

(c) Property, plant and equipment transferred to investment property amounted to $259,272.

(d) Property, plant and equipment transferred to miscellaneous purchases amounted to $84。

(e) Other non-current assets transferred to property, plant and equipment amounted to $684,478.

	Land	Buildings and structures	Transportation equipment	Machinery and equipment	Leased assets-machinery and equipment	Leased assets-others	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
At January 1, 2019										
Cost	$ 940,731	$ 130,251	$ 6,981	$ 100,733	$ 4,947,846	$ 900,344	$ 940	$ 25,992	$ 494,436	$ 7,548,254
Accumulated depreciation and impairment	-	(17,474)	(4,784)	(92,872)	(2,154,983)	(508,667)	(940)	(15,598)	-	(2,795,318)
	$ 940,731	$ 112,777	$ 2,197	$ 7,861	$ 2,792,863	$ 391,677	$ -	$ 10,394	$ 494,436	$ 4,752,936
2019										
Opening net book amount as at January 1	$ 940,731	$ 112,777	$ 2,197	$ 7,861	$ 2,792,863	$ 391,677	$ -	$ 10,394	$ 494,436	$ 4,752,936
Additions (Note 1)	-	188,748	-	22,076	7,792	5,069	-	5,323	117,975	346,983
Disposals	-	-	-	-	(73,899)	(478)	-	(42)	-	(74,419)
Depreciation charge	-	(4,578)	(1,183)	(3,113)	(312,532)	(66,846)	-	(3,127)	-	(391,379)
Impairment loss	-	-	-	-	(10,000)	-	-	-	-	(10,000)
Reclassifications (Note 2)	-	264,717	-	1,384	167,765	10,662	-	1,581	(373,873)	72,236
Net exchange differences	-	(3,177)	(14)	(65)	(1,624)	(44)	-	(13)	(3)	(4,940)
Closing net book amount as at December 31	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417
At December 31, 2019										
Cost	$ 940,731	$ 580,096	$ 6,949	$ 127,469	$ 4,992,431	$ 903,669	$ 904	$ 32,269	$ 238,535	$ 7,823,053
Accumulated depreciation and impairment	-	(21,609)	(5,949)	(99,326)	(2,422,066)	(563,629)	(904)	(18,153)	-	(3,131,636)
	$ 940,731	$ 558,487	$ 1,000	$ 28,143	$ 2,570,365	$ 340,040	$ -	$ 14,116	$ 238,535	$ 4,691,417

Note 1: The acquisition of property, plant and equipment includes the beginning and ending balances of payable on machinery and equipment in the amounts of $72,340 and $75,015, respectively, and the cash payment in the amount of $344,308.

Note 2: Reclassifications with no cash flow effect are as follows:

(a) Inventories transferred to property, plant and equipment amounted to $79,654.

(b) Property, plant and equipment transferred to prepayments amounted to $907.

(c) Property, plant and equipment transferred to inventories amounted to $2,021.

(d) Property, plant and equipment transferred to investment property amounted to $2,623.

(e) Property, plant and equipment transferred to lease payments receivable amounted to $1,867.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and prepayments for business facilities (shown as 'other non-current assets') and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2020	2019
Amount capitalised	$ 11,384	$ 10,693
Range of the interest rates for capitalisation	1.29%~2.61%	1.54%~1.87%

B. The recoverable amount of the Group's certain leased assets, machinery and equipment was lower than the carrying amount, therefore, the Group recognised impairment loss amounting to $10,000 for the year ended December 31, 2019.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(10) Leasing arrangements-lessee

A. The Group leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 19 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles, offices and dormitories. Low-value assets comprise copy machines.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Book value	
	December 31, 2020	December 31, 2019
Land	$ 45,625	$ -
Buildings	25,901	27,170
Transportation equipment (Business vehicles)	1,246	2,658
Other equipment	680	-
	$ 73,452	$ 29,828

	Depreciation charge	
	Years ended December 31,	
	2020	2019
Land	$ 1,001	$ -
Buildings	7,476	5,380
Transportation equipment (Business vehicles)	2,093	1,840
Other equipment	62	-
	$ 10,632	$ 7,220

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $54,246 and $959, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 905	$ 593
Expense on short-term lease contracts	3,276	7,387
Expense on leases of low-value assets	179	190

F. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $14,522 and $14,969, respectively.

(11) Leasing arrangements-lessor

A. The Group leases various assets including buildings, machinery and other equipment. Rental contracts are typically made for periods of 1 and 24 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.

B. The Group leases machinery and equipment and other equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and other equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Sales profit	$ 425	$ 4,289
Finance income from the net investment in the finance lease (shown as 'others' in 'operating revenue')	1,944	2,095

C. The maturity analysis of the undiscounted lease payments (including related parties) in the finance lease is as follows:

	December 31, 2020		December 31, 2019
2021	$ 19,237	2020	$ 28,560
2022	16,365	2021	19,738
2023	12,601	2022	15,617
2024	8,603	2023	11,670
2025	318	2024	7,266
2026	-	2025	-
2027 and onwards	-	2026 and onwards	-
	$ 57,124		$ 82,851

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided in Notes 6(5) and (7).

E. Gain arising from operating lease agreements for the years ended December 31, 2020 and 2019 are as follows:

	Years ended December 31,	
	2020	2019
Rent income	$ 58,194	$ 53,157
Contingent rental revenue	$ 1,010,978	$ 955,942

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020		December 31, 2019
2021	$ 55,101	2020	$ 51,428
2022	51,422	2021	48,668
2023	3,440	2022	48,291
2024	1,987	2023	1,666
2025	677	2024	1,655
2026	297	2025	380
2027 and onwards	285	2026 and onwards	-
	$ 113,209		$ 152,088

(12) Investment property

	Land	Buildings and structures	Construction in progress	Total
At January 1, 2020				
Cost	$ 835,419	$ 525,368	$ 7,671	$1,368,458
Accumulated depreciation and impairment	-	(158,070)	-	(158,070)
	$ 835,419	$ 367,298	$ 7,671	$1,210,388
2020				
Opening net book amount as at January 1	$ 835,419	$ 367,298	$ 7,671	$1,210,388
Additions from accquisitions (Note 1)	-	10,414	-	10,414
Reclassifications (Note 2)	181,716	85,227	(7,671)	259,272
Depreciation charge	-	(16,919)	-	(16,919)
Closing net book amount as at December 31	$1,017,135	$ 446,020	$ -	$1,463,155
At December 31, 2020				
Cost	$1,017,135	$ 632,839	$ -	$1,649,974
Accumulated depreciation and impairment	-	(186,819)	-	(186,819)
	$1,017,135	$ 446,020	$ -	$1,463,155

Note 1: The acquisition of investment property includes the beginning and ending balances of payable on machinery and equipment in the amounts of $884 and $581, respectively, and the cash payment in the amount of $10,717.

Note 2: Reclassifications with no cash flow effects are as follows:

Property, plant and equipment transferred to investment property amounted to $259,272.

	Land	Buildings and structures	Construction in progress	Total
At January 1, 2019				
Cost	$ 835,419	$ 498,102	$ 5,976	$1,339,497
Accumulated depreciation and impairment	-	(144,917)	-	(144,917)
	$ 835,419	$ 353,185	$ 5,976	$1,194,580
2019				
Opening net book amount as at January 1	$ 835,419	$ 353,185	$ 5,976	$1,194,580
Additions from accquisitions (Note 1)	-	10,099	7,671	17,770
Reclassifications (Note 2)	-	17,167	(5,976)	11,191
Depreciation charge	-	(13,153)	-	(13,153)
Closing net book amount as at December 31	$ 835,419	$ 367,298	$ 7,671	$1,210,388
At December 31, 2019				
Cost	$ 835,419	$ 525,368	$ 7,671	$1,368,458
Accumulated depreciation and impairment	-	(158,070)	-	(158,070)
	$ 835,419	$ 367,298	$ 7,671	$1,210,388

Note 1: The acquisition of investment property with cash payment in the amount of $17,770.

Note 2: Reclassifications with no cash flow effects are as follows:

(1) Lease payments receivable transferred to investment property amounted to $8,568.

(2) Property, plant and equipment transferred to investment property amounted to $2,623.

A. Rental income from lease of the investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2020	2019
Rental income from the lease of the investment property	$ 56,678	$ 51,364
Direct operating expenses arising from the investment property that generated rental income during the year	$ 20,086	$ 15,805

B. As of December 31, 2020 and 2019, the fair value of the investment property held by the Group amounted to $1,778,735 and $1,233,008, respectively. Independent appraisers adopted comparison approach and land development analysis approach to evaluate the land, assessed the building based on cost method, and considered weights on aforementioned costs to calculate the fair value.

C. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(13) Other non-current assets

	December 31, 2020	December 31, 2019
Guarantee deposits paid	$ 243,218	$ 256,166
Prepayments for equipment	97,356	688,846
Restricted bank deposits	24,607	22,502
Deferred expenses	392	904
	$ 365,573	$ 968,418

Information about the restricted bank deposits that were pledged to others as collateral is provided in Note 8.

(14) Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019
Bank borrowings		
Credit borrowings	$ 190,234	$ 471,591
Interest rate range	0.78%~1.1%	1%~1.54%

(15) Bonds payable

	December 31, 2020	December 31, 2019
Bonds payable	$ 1,537,875	$ 1,169,700
Less: Discount on bonds payable	(49,067)	(10,229)
	1,488,808	1,159,471
Less: Current portion or exercise of put options (shown as 'other current liabilities')	-	(1,159,471)
	$ 1,488,808	$ -

A. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the third domestic secured convertible bonds totalling $1,200,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 2, 2017 ~ November 2, 2020) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 2, 2017.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$42 (in dollars). On July 15, 2018, July 15, 2019 and July 18, 2020, the Company adjusted the conversion price per share to NT$40.6, NT$38.8 and NT$37.1 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) On August 17, 2018, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to Chinatrust Commercial Bank, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.
b. Debt ratio must equal to or less than 150%.
c. Interest coverage ratio must be 3 or higher.
d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(g) The convertible bonds matured on November 2, 2020. Part of the bonds were converted into 15,932 thousand share of common stock, and the remaining unconverted bonds were redeemed at $607,600 by cash. The Company transferred the forfeited stock options of $15,617 to capital surplus-forfeited stock options (shown as capital surplus-others).

B. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totalling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in

cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$53.9 (in dollars).

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three month of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one months of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2020. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2020, the effective interest rate of the bonds payable after such separation was 0.7077%.

C. Information on assets pledged as collateral for the third domestic bonds is provided in Note 8 and there were no assets pledged as collateral for the fourth domestic bonds.

(16) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2020	December 31, 2019
Bank borrowings			
Secured borrowings	2016.8~2035.6	$ 2,482,405	$ 2,841,412
Credit borrowings	2017.5~2023.11	56,398	81,957
		2,538,803	2,923,369
Less: Current portion (shown as 'other current liabilities')		(310,911)	(832,707)
		$ 2,227,892	$ 2,090,662
Interest rate range		0.94%~1.8%	1.09%~1.9%

A. In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically issue a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd., Medlink Healthcare Limited and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho

Scientific Co., Ltd., and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to the third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. In August 2018, CHC (Guangzhou) Medical Technology Co., Ltd. entered into a borrowing contract with Chinatrust Commercial Bank amounting to RMB 22 million. The Company is required to hold a 100% equity interest directly/indirectly in CHC (Guangzhou) Medical Technology Co., Ltd. until settlement of the borrowing, or the borrowing will be deemed as matured. In June 2019, CHC (Guangzhou) Medical Technology Co., Ltd. fully paid in advance the outstanding principal.

C. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(17) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $7,689 and $6,664 respectively.

B. The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The pension plan is administered by the government. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $214 and $2,105, respectively.

(18) Share-based payment

A. As of December 31, 2020 and 2019, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity Granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-101	2012.8.31	3,000	7 years	Note
Employee stock options-106	2018.4.13	2,000	7 years	Note

Note: After two years from the grant date, employees are allowed to exercise their stock

options according to the vesting schedule specified in the plan.

B. Details of the share-based payment arrangements are as follows:

	2020		2019	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,980	$ 31.90	2,957	$ 34.33
Options forfeited	(75)	31.03	(38)	34.81
Options exercised	(259)	31.75	(939)	35.41
Options outstanding at December 31	1,646	30.50	1,980	31.90
Options exercisable at December 31	225		-	

C. For the years ended December 31, 2020 and 2019, the weighted-average stock price of stock options on exercise dates was NT$41.66 and NT$43.52 (in dollars), respectively.

D. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2020		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	$ 1,646	30.5	1,980	31.9

E. The Black Scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-101	2012.8.31	$ 85.06 (Note 1)	$ 44.0	40.44% (Note 2)	5.25 years	0%	1.00%	$48.23~ $51.29
Employee stock options-106	2018.4.13	$ 34.50	$ 34.5	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

Note 1: Estimated using the market approach with necessary adjustments, the price of the common shares of the Company that have no controlling rights and cannot be traded in the open market was NT$85.06 (in dollars) on the grant date.

Note 2: Expected price volatility is estimated based on the historical stock prices of comparable companies.

F. Expenses incurred on the Group's share-based payment transactions are shown below:

	Years ended December 31,	
	2020	2019
Equity-settled	$ 4,460	$ 5,726

G. On July 18, 2020 and July 15, 2019, the exercise prices of employee stock options-106 were adjusted to NT$30.5 and NT$31.9 (in dollars), respectively, according to the rules of the employee stock option plan. The adjustment of exercise prices had no significant impact on the fair value of the aforementioned stock options.

(19) Share capital

A. As of December 31, 2020, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,570,439 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

(In thousands of shares)

	2020	2019
At January 1	140,634	138,914
Employee stock options exercised	259	939
Bonds payable converted	15,151	781
At December 31	156,044	140,634

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(In thousands of shares)

		December 31, 2020		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying Amount	Number of shares	Carrying Amount
The Company	To be reissued to employees	1,000	$ 34,956	1,000	$ 34,956

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

A. Pursuant to Paragraph 4, Article 31 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange,

its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As of December 31, 2020, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Please refer to Note 6(18) for information on capital surplus - employee stock options.

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years is distributable under the stockholders' resolution at their meeting as proposed by the Board of Directors.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The proposal on 2019 and 2018 earnings appropriation which were resolved at the shareholders' meeting on June 12, 2020 and June 12, 2019, respectively, are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 39,517		$ 32,342	
Special reserve	24,231		330,410	
Cash dividends	281,267	$ 2.0	250,045	$ 1.8
	$ 345,015		$ 612,797	

The aforementioned earnings appropriations for the years ended December 31, 2019 and 2018 were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 23, 2020 and March 22, 2019, respectively, and the ex-dividend dates resolved in the same meetings were July 18, 2020 and July 15, 2019, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2020 earnings as resolved by the Board of Directors on March 19, 2021 are as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 36,639	
Reversal of special reserve	(728)	
Cash dividends	313,648	$ 2.01
	$ 349,559	

(22) Operating revenue

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers	$ 1,474,007	$ 1,930,176
Rental revenue	1,067,656	1,007,306
Others	13,248	12,570
	$ 2,554,911	$ 2,950,052

A. Disaggregation of revenue from contracts with customers

The Group's revenue is derived from the transfer of goods and services over time and at a point in time in the following major product lines:

Year ended December 31, 2020	Sale of drugs	Sale of medical instruments	Repairs and maintenance and other services	Total
Revenue from external customer contracts	$ 159,761	$ 1,072,750	$ 241,496	$1,474,007
Timing of revenue recognition				
At a point in time	$ 159,761	$ 1,072,750	$ -	$1,232,511
Over time	-	-	241,496	241,496
	$ 159,761	$ 1,072,750	$ 241,496	$1,474,007

Year ended December 31, 2019	Sale of drugs	Sale of medical instruments	Repairs and maintenance and other services	Total
Revenue from external customer contracts	$ 171,662	$ 1,466,330	$ 292,184	$1,930,176
Timing of revenue recognition				
At a point in time	$ 171,662	$ 1,466,330	$ -	$1,637,992
Over time	-	-	292,184	292,184
	$ 171,662	$ 1,466,330	$ 292,184	$1,930,176

B. Contract assets and liabilities

(a) The Group recognised contract assets and liabilities in relation to contract revenue arising from sales, maintenance and repair of medical instruments and other services as follows:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets	$ 96,548	$ 80,902	$ 40,959
Contract liabilities	$ 789,153	$ 739,908	$ 339,547

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year

	Years ended December 31,	
	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year	$ 74,557	$ 23,955

C. Unfulfilled long-term repairs, maintenance and medical instrument contracts

Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at December 31, 2020 and 2019, amounted to $1,206,206 and $1,374,600, respectively. Management expects that the transaction price allocated to the unsatisfied contracts as of December 31, 2020 and 2019 will be recognised as revenue from 2021 to 2024.

Except for the abovementioned contracts, all other repairs and maintenance contracts are for

periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(23) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	$ 2,118	$ 1,362
Interest income from financial assets measured at amortised cost	5,306	6,298
Other interest income	4,625	4,036
	$ 12,049	$ 11,696

(24) Other income

	Years ended December 31,	
	2020	2019
Rent income	$ 1,516	$ 1,793
Dividend income	1,015	967
Other income	8,357	17,776
	$ 10,888	$ 20,536

(25) Other gains and losses

	Years ended December 31,	
	2020	2019
Losses on disposal of property, plant and equipment	($ 690)	($ 3,142)
Gains on disposal of investment	-	143
Net currency exchange losses	(17,251)	(5,732)
Net gain on financial assets and liabilities at fair value through profit or loss	37,382	17,403
Impairment loss on property, plant and equipment	-	(10,000)
Impairment loss on intangible assets	-	(2,595)
Other losses	(13,004)	(1,310)
	$ 6,437	($ 5,233)

(26) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	$ 42,661	$ 50,340
Convertible bonds	13,922	12,357
Long-term contract liabilities	8,430	5,663
Lease liability	419	47
Financial expense, others	12,776	9,937
	$ 78,208	$ 78,344

(27) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expense		
Wages and salaries	$ 246,576	$ 218,900
Employee stock options	4,460	5,726
Labor and health insurance fees	17,020	15,557
Pension costs	7,903	8,769
Other personnel expenses	7,842	7,841
Depreciation charge	440,349	411,752
	$ 724,150	$ 668,545

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e. profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds of all directors in attendance, and must be reported to the shareholders.

Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $200 and $195, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

Employees' compensation of $195 and directors' remuneration of $5,600 for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors and approved by shareholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 102,017	$ 103,716
Tax on undistributed surplus earnings	2,508	-
Prior year income tax under (over) estimation	36	(823)
Total current tax	104,561	102,893
Deferred tax		
Origination and reversal of temporary differences	(3,477)	(16,731)
Income tax expense	$ 101,084	$ 86,162

(b) Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2020	2019
Income tax calculated based on profit before tax and statutory tax rate	$ 185,097	$ 193,929
Expenses disallowed by tax regulation	2,233	7,437
Tax exempt income by tax regulation	(90,439)	(96,210)
Temporary differences not recognised as deferred tax assets	-	2,000
Taxable loss not recognised as deferred tax assets	577	277
Change in assessment of realisation of deferred tax assets	1,072	(20,448)
Prior year income tax under (over) estimation	36	(823)
Tax on undistributed surplus earnings	2,508	-
Income tax expense	$ 101,084	$ 86,162

(c) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2020	2019
Currency translation differences	$ 13	($ 8)

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised allowance for inventory obsolescence	$ 11,691	($ 1,276)	$ -	$ 10,415
Unrealised exchange loss	2,403	1,960	-	4,363
Warranty obligations	3,760	645	-	4,405
Long-term contract liabilities interest expense	3,772	1,686	-	5,458
Others	1,167	2,133	5	3,305
Income tax losses	61,958	(1,521)	-	60,437
	84,751	3,627	5	88,383
Temporary differences				
- Deferred tax liabilities:				
Land revaluation increment tax	(39,395)	-	-	(39,395)
Others	(766)	(150)	8	(908)
	(40,161)	(150)	8	(40,303)
	$ 44,590	$ 3,477	$ 13	$ 48,080

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised allowance for inventory obsolescence	$ 10,327	$ 1,364	$ -	$ 11,691
Unrealised exchange loss	47	2,356	-	2,403
Warranty obligations	2,137	1,623	-	3,760
Long-term contract liabilities interest expense	2,639	1,133	-	3,772
Others	2,835	(1,668)	-	1,167
Income tax losses	50,313	11,645	-	61,958
	68,298	16,453	-	84,751
Temporary differences				
- Deferred tax liabilities:				
Land revaluation increment tax	(39,395)	-	-	(39,395)
Others	(1,036)	278	(8)	(766)
	(40,431)	278	(8)	(40,161)
	$ 27,867	$ 16,731	($ 8)	$ 44,590

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,803	302,185	-	2028
2019	3,310	2,576	2,576	2029
2020	2,883	2,883	2,883	2030
	$ 381,590	$ 315,036	$ 12,851	

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	$ 5,451	$ -	$ -	2022
2013	17,125	-	-	2023
2014	4,626	347	347	2024
2015	9,659	2,798	2,798	2025
2016	10,904	3,359	3,359	2026
2017	15,829	888	888	2027
2018	311,803	310,087	296	2028
2019	1,385	1,385	1,385	2029
	$ 376,782	$ 318,864	$ 9,073	

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 94,923	$ 92,286

E. Income tax assessment of the Company and its domestic subsidiaries is as follows:

	Recent assessment
SenCare Healthcare Company, Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Biotech Co., Ltd.	Through 2019
The Company, Chiu Ho Medical System Co., Ltd., Chiu Ho Scientific Co., Ltd., Tomorrow Medical System Co., Ltd., Tong-Lin Instruments Co., Ltd., Hua Lin Instruments Co., Ltd., E Century Healthcare Corporation, Medlink Healthcare Limited and Shin-Ho Instruments Co., Ltd.	Through 2018
Hsin Lin Biotech Co., Ltd.	Through 2017

(29) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	$ 2.53
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	355	
Employees' compensation	-	7	
Convertible bonds	27,188	56,097	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 393,577	201,416	$ 1.95

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	$ 2.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	401	
Employees' compensation	-	6	
Convertible bonds	22,728	29,769	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 417,900	169,883	$ 2.46

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the Board of Directors. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(30) Intangible assets-goodwill

A. Goodwill is allocated as follows to the Group's cash-generating units:

	December 31, 2020	December 31, 2019
Hsing-Yeh Biotechnology Co., Ltd.	$ 150,617	$ 150,617
Others	8,534	8,534
	$ 159,151	$ 159,151

B. Goodwill is allocated to the Group's cash-generating units. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations and fair value, net of disposed cost. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period, and the details of evaluation on fair value are provided in Note 6(12).

C. As the profit arising from certain cash-generating units was lower than management's forecast, management has assessed that the recoverable amount of cash-generating units was lower than the carrying amount. Accordingly, the Group recognised impairment loss on goodwill amounting to $2,595 in 2019.

D. Management determined budgeted gross margin based on past performance and their expectations of market development. The weighted average growth rates used are consistent with the projection included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments. As of December 31, 2020 and 2019, the pre-tax discount rate applied on the Group's major assessments is 5.76%~8.19% and 5.48%~8.47%, respectively.

(31) Supplemental cash flow information

Information on investing activities with partial cash payments is provided in Notes 6(9) and (12).

(32) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2020	$ 471,591	$1,159,471	$ 2,923,369	$ 30,234	$ 23,585	$ 4,608,250
Changes in cash flow from financing activities	(281,357)	901,126	(384,566)	(10,162)	(3,330)	221,771
Impact of changes in foreign exchange rate	-	-	-	39	36	75
Changes in other non-cash items	-	(571,789)	-	54,219	-	(517,570)
December 31, 2020	$ 190,234	$1,488,808	$ 2,538,803	$ 74,330	$ 20,291	$ 4,312,466

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Guarantee deposits received	Total liabilities from financing activities
January 1, 2019	$ 686,932	$1,159,471	$ 2,995,204	$ 36,089	$ 19,535	$ 4,897,231
Changes in cash flow from financing activities	(215,396)	-	(68,601)	(6,799)	4,143	(286,653)
Impact of changes in foreign exchange rate	55	-	(3,234)	-	(93)	(3,272)
Changes in other non-cash items	-	-	-	944	-	944
December 31, 2019	$ 471,591	$1,159,471	$ 2,923,369	$ 30,234	$ 23,585	$ 4,608,250

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
Yeezen General Hospital	Substantive related party
High-END VISION EYE CENTER	Substantive related party
Swissray Medical AG	Substantive related party
SWISSRAY ASIA HEAVTHCARE COMPANY LIMITED	Substantive related party
AESolution Biomedical Co., Ltd.	Substantive related party
J. Ab Beauty Co., Ltd.	Substantive related party
CHENG-HSIN Biotechnology Co., Ltd.	Associate

(3) Significant transactions and balances with related parties

A. Operating revenue

(a) Sales revenue

	Years ended December 31,	
	2020	2019
Sales of goods:		
Yeezen General Hospital	$ 165,661	$ 179,727
Substantive related party	1,340	1,169
Associate	914	763
	$ 167,915	$ 181,659

In terms of the transactions between the subsidiary, Chiu Ho Scientific Co., Ltd., and the abovementioned related parties, goods are sold based on the price lists in force and terms that would be available to third parties. Hsing-Yeh Biotechnology Co., Ltd. and the abovementioned related parties have no other similar transactions that can be used for comparison. The collection period is approximately six months.

(b) Rental revenue

	Years ended December 31,	
	2020	2019
Rental revenue:		
Substantive related party	$ 88,851	$ 85,398

i. The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd. and Chiu Ho Medical System Co., Ltd. leases property to the abovementioned related parties. The lease terms are from 2019 to 2023. Lease payments are determined by negotiations between the two parties and are made monthly.

ii. The subsidiaries, Chiu Ho Scientific Co., Ltd. and E Century Healthcare Corporation, lease medical equipment to the abovementioned related parties. The lease terms are from 2016 to 2031. The monthly lease payment is set as a predetermined percentage of the monthly revenue of the related party. The collection period is between 2 and 6 months.

B. Purchases

	Years ended December 31,	
	2020	2019
Purchases of goods:		
Substantive related party	$ 1,296	$ 1,065

The subsidiaries, Chiu Ho Medical System Co., Ltd., Chiu Ho Scientific Co., Ltd., and Chiu Ho (CHINA) Medical Technology Co., Ltd., and the abovementioned related parties have no other similar transactions that can be used for comparison. The collection period is approximately three months.

C. Notes and accounts receivable

(a) Receivables from related parties:

	December 31, 2020	December 31, 2019
Yeezen General Hospital	$ 204,154	$ 212,608
Substantive related party	6,362	6,563
	210,516	219,171
Less: Allowance for doubtful accounts	(46)	(17)
	$ 210,470	$ 219,154

(b) The ageing analysis of accounts receivable due from related parties is as follows:

	December 31, 2020	December 31, 2019
Not past due	$ 140,310	$ 123,932
Past due		
Up to 1 month	9,870	16,823
Up to 2 months	12,334	21,235
Up to 3 months	13,394	22,927
Up to 4 months	18,078	7,557
Up to 5 months	16,530	26,697
Up to 6 months	-	-
Over 6 months	-	-
	$ 210,516	$ 219,171

The above receivables included the receivables generated from the Group's business activities of sales and lease of medical equipment and the ageing analysis was based on past due month.

(c) As of December 31, 2020, December 31, 2019 and January 1, 2019, the balances of receivables due from related parties from contracts with customers amounted to $182,080, $197,777, and $196,375, respectively.

(d) Lease payments receivable (shown as 'accounts receivable - related parties' and long-term notes and accounts receivable - related parties)

The subsidiaries, Hsing-Yeh Biotechnology Co., Ltd., Chiu Ho Scientific Co., Ltd., and E Century Healthcare Corporation, lease machinery and other equipment to Yeezen General Hospital under a finance lease. The lease terms are from 2015 to 2025. Based on the terms of the lease contract, the ownership of the equipment shall be transferred to the lessee when the lease expires. In addition, Hsing-Yeh Biotechnology Co., Ltd. leases renovation project assets to CHENG-HSIN Biotechnology Co., Ltd under a finance lease. The lease term is from 2017 to 2024 which is for the major part of economic life of the underlying asset. The lease payments from the aforementioned agreements are expected to be collected on schedule.

As of December 31, 2020 and 2019, reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2020		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 10,374	($ 624)	$ 9,750
CHENG-HSIN Biotechnology Co., Ltd.	8,939	(710)	8,229
Loss allowance	(1)	-	(1)
	$ 19,312	($ 1,334)	$ 17,978
Non-current			
Yeezen General Hospital	$ 13,227	($ 546)	$ 12,681
CHENG-HSIN Biotechnology Co., Ltd.	24,583	(857)	23,726
Loss allowance	(1)	-	(1)
	$ 37,809	($ 1,403)	$ 36,406

	December 31, 2019		
	Undiscounted lease payments	Unearned finance income	Net investment in the lease
Current			
Yeezen General Hospital	$ 17,536	($ 856)	$ 16,680
CHENG-HSIN Biotechnology Co., Ltd.	8,939	(914)	8,025
Loss allowance	(1)	-	(1)
	$ 26,474	($ 1,770)	$ 24,704
Non-current			
Yeezen General Hospital	$ 18,304	($ 893)	$ 17,411
CHENG-HSIN Biotechnology Co., Ltd.	33,523	(1,568)	31,955
Loss allowance	(2)	-	(2)
	$ 51,825	($ 2,461)	$ 49,364

(e) Information relating to credit risk is provided in Note 12(2).

D. Other receivables due from related parties

(a) Loans to related parties

	December 31, 2020	December 31, 2019
Yeezen General Hospital	$ 169,000	$ 174,000
High-END VISION EYE CENTER	4,500	4,500
	$ 173,500	$ 178,500

Interest income

	Years ended December 31,	
	2020	2019
Yeezen General Hospital	$ 4,513	$ 3,920
High-END VISION EYE CENTER	111	115
	$ 4,624	$ 4,035

For the years ended December 31, 2019 and 2018, the loans carried an interest rate of 2.5% per annum.

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2020	December 31, 2019
J. Ab Beauty Co., Ltd.	$ 369	$ 369

E. Prepayments - related parties (shown as 'Prepayments')

	December 31, 2020	December 31, 2019
Swissray Medical AG	$ 121	$ -

The subsidiary, Chiu Ho Medical System Co., Ltd., and the abovementioned related party have no other similar transactions that can be used for comparison.

F. Accounts payable - related parties

	December 31, 2020	December 31, 2019
Swissray Medical AG	$ -	$ 136

The payables to related parties arise mainly from purchases which are due within three months. The payables bear no interest.

G. Refund liabilities (shown as 'other current liabilities')

	December 31, 2020	December 31, 2019
Yeezen General Hospital	$ 12,571	$ 14,686

Sales discounts are granted based on mutual agreement, and no other similar transaction can be compared with.

(4) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 41,123	$ 32,001
Post-employment benefits	324	216
Share-based payments	466	607
	$ 41,913	$ 32,824

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Assets	Book value December 31, 2020	Book value December 31, 2019	Purpose
Financial assets at amortised cost-current			
-Time deposits	$ -	$ 50,098	Performance guarantee
Financial assets at amortised cost - non-current			Performance and customs duty guarantee related to
-Time deposits	240,885	246,358	operations
Other non-current assets			
-Restricted bank deposits	24,607	21,916	Collateral for long-term borrowings
Property, plant and equipment (including investment property)			
-Land	1,641,376	1,664,226	Collateral for long-term borrowings
-Buildings and structures	819,954	373,906	Collateral for long-term borrowings
-Leased assets - machinery and equipment	575,901	469,970	Collateral for long-term borrowings
	3,037,231	2,508,102	
	$ 3,302,723	$ 2,826,474	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Please refer to Notes 6(15) and 6(16) for commitments related to the third domestic issuances of secured convertible corporate bonds and the syndicated bank loan.

B. As of December 31, 2020 and 2019, capital expenditures on property, plant and equipment and inventories contracted for but not yet incurred was $992,444 and $1,197,559, respectively.

C. As of December 31, 2020 and 2019, amounts available under unused letters of credit were $319,059 and $178,794, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The Company's subsidiary, Chiu Ho Scientific Co., Ltd., plans to sell the land and the buildings located on the land which were recognised under investment property and transfer the ownership as resolved

by the Board of Directors on January 25, 2021. The total amount of disposal is expected to be not lower than $56,500.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 106,600	$ 71,369
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 35,781	$ 38,681
Financial assets at amortised cost		
Cash and cash equivalents	$ 1,380,522	$ 1,245,235
Financial assets at amortised cost	528,425	594,459
Notes receivable	35,756	56,562
Accounts receivable (including related parties)	711,069	751,472
Other receivables (including related parties)	175,022	180,017
Other financial assets (shown as 'other non-current assets')	24,607	22,502
Long-term notes and accounts receivable (including related parties)	191,230	223,404
Guarantee deposits paid	243,218	256,166
	$ 3,289,849	$ 3,329,817

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 190,234	$ 471,591
Notes payable	2,417	3,495
Accounts payable (including related parties)	152,900	219,949
Other payables	101,262	168,781
Bonds payable (including current portion)	1,488,808	1,159,471
Long-term borrowings (including current portion)	2,538,803	2,923,369
Guarantee deposits received	20,291	23,585
	$ 4,494,715	$ 4,970,241
Lease liability	$ 74,330	$ 30,234

B. Financial risk management policies

(a) The Group's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange rate risk from multiple foreign currencies, primarily the US dollar. Foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Under the Group's financial risk management policy, foreign exchange risk is managed using debt denominated in the relevant foreign currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB, HKD or IDR). The information on assets and liabilities denominated in foreign currencies whose values would be materially

affected by the exchange rate fluctuations is as follows:

	December 31, 2020			Year ended December 31, 2020 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 8,498	28.48	$ 242,023	1%	$ 2,420
HKD:NTD	27,091	3.67	99,424	1%	994
USD:RMB	159	6.51	4,528	1%	45
USD:HKD	1,306	7.75	37,195	1%	372
IDR:NTD	1,194,816	0.00203	2,425	1%	24
Financial liabilities					
Monetary items					
USD:NTD	548	28.48	15,607	1%	156
EUR:NTD	735	35.02	25,740	1%	257
SGD:NTD	1,675	21.56	36,113	1%	361

	December 31, 2019			Year ended December 31, 2019 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 8,902	29.98	$ 266,882	1%	$ 2,669
USD:RMB	148	6.96	4,437	1%	44
USD:HKD	1,306	7.79	39,154	1%	392
IDR:NTD	1,013,712	0.00218	2,210	1%	22
Financial liabilities					
Monetary items					
USD:NTD	2,790	29.98	83,644	1%	836
EUR:NTD	879	33.59	29,526	1%	295
SGD:NTD	351	22.28	7,820	1%	78

iv. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to ($17,251) and ($5,732), respectively

Price risk

i. The Group is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other

comprehensive income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Group's investments in equity securities comprise domestic and foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $10,600 and $7,137, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,578 and $3,868, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Group's borrowings at variable rates are primarily denominated in NTD and USD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have decreased/increased by $25,388 and $29,234, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or financial instruments on the contract obligations. The main factor is the counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost. According to the Group's credit policy, each local entity in the Group is responsible for managing and assessing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the credit control supervisor. The utilisation of credit limits is regularly monitored.

ii. If the contract payments were past due over one month based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition; the default occurs when the contract payments are past due over three months and up to two years.

iii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
   (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
   (ii) The disappearance of an active market for that financial asset because of financial difficulties;
   (iii) Default or delinquency in interest or principal repayments;
   (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

iv. The Group classifies customer's accounts receivable and contract assets in accordance with customer types. The Group applies the modified approach using the provision matrix to estimate expected credit loss.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group took into consideration the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable (including long-term and related parties) and contract assets. On December 31, 2020 and 2019, the provision matrix is as follows:

December 31, 2020	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1%	$ 946,544	$ 229
Up to 1 month	0.00%~3.70%	18,994	135
Up to 2 months	0.00%~6.72%	16,440	13
Up to 3 months	0.00%~37.84%	18,844	1,161
Up to 4 months	0.00%~100%	18,122	-
Up to 5 months	0.00%~100%	16,574	-
Up to 6 months	0.00%~100%	188	157
Over 6 months	30%~100%	1,188	596
		$ 1,036,894	$ 2,291

December 31, 2019	Expected loss rate	Total book value	Loss allowance
Not past due	0.00%~1%	$ 990,551	$ 509
Up to 1 month	0.00%~3.70%	27,629	114
Up to 2 months	0.00%~6.72%	22,196	1
Up to 3 months	0.00%~12.22%	23,073	-
Up to 4 months	0.00%~100%	7,793	2
Up to 5 months	0.00%~100%	28,714	763
Up to 6 months	0.00%~100%	-	-
Over 6 months (Note)	30%~100%	14,536	763
		$ 1,114,492	$ 2,152

Note: As of December 31, 2019, accounts past due over 6 months amounting to $13,773 were collected after the balance sheet date, therefore, the Group

reversed the written-off accounts and loss allowance.

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable, contract assets, notes receivable, long-term and short-term lease payments receivable are as follows:

	2020			
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)
At January 1	$ 2,111	$ 31	$ 7	$ 3
Provision for impairment	1,099	-	-	-
Reversal of impairment	(196)	(5)	(7)	(1)
Write-offs	(759)	-	-	-
Effect of foreign exchange	8	-	-	-
At December 31	$ 2,263	$ 26	$ -	$ 2

	2019			
	Accounts receivable (including related parties)	Contract assets (including related parties)	Notes receivable (including related parties)	Lease payments receivable (including related parties)
At January 1	$ 21,222	$ 28	$ -	$ 4
Provision for impairment	72	3	7	-
Reversal of impairment	(19,149)	-	-	(1)
Effect of foreign exchange	(34)	-	-	-
At December 31	$ 2,111	$ 31	$ 7	$ 3

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 191,159	$ -	$ -	$ -
Notes payable	2,417	-	-	-
Accounts payable	152,900	-	-	-
Other payables	101,262	-	-	-
Lease liability	12,612	9,854	21,297	40,475
Bonds payable and embedded derivative instruments (including current portion)	-	-	1,537,875	-
Long-term borrowings (including current portion)	352,138	332,153	1,907,866	60,335

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Short-term borrowings	$ 474,369	$ -	$ -	$ -
Notes payable and long-term notes payable (shown as 'other non-current liabilities')	3,495	335	-	-
Accounts payable (including related parties)	219,949	-	-	-
Other payables	167,030	-	-	-
Lease liability	8,829	6,275	16,499	1,364
Bonds payable and embedded derivative instruments	1,169,700	-	-	-
Long-term borrowings (including current portion)	874,656	312,632	1,868,345	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable (including related parties), other receivables (including related parties), long-term notes and accounts receivable (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including the portion due within one year or one business cycle), bonds payable and guarantee deposits received.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 106,000	$ -	$ -	$106,000
Derivative instruments	-	-	600	600
Financial assets at fair value through other comprehensive income				
Equity securities	16,740	-	19,041	35,781
	$ 122,740	$ -	$ 19,641	$142,381

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 71,299	$ -	$ -	$ 71,299
Derivative instruments	-	-	70	70
Financial assets at fair value through other comprehensive income				
Equity securities	7,356	-	31,325	38,681
	$ 78,655	$ -	$ 31,395	$110,050

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019.

	2020		
	Equity securities	Derivative financial instruments	Total
At January 1	$ 31,325	$ 70	$ 31,395
Gains and losses recognised in profit or loss	-	(520)	(520)
Gains and losses recognised in other comprehensive income	(12,284)	-	(12,284)
Issuance of convertible bonds	-	1,050	1,050
At December 31	$ 19,041	$ 600	$ 19,641

	2019		
	Equity securities	Derivative financial instruments	Total
At January 1	$ 32,837	$ 492	$ 33,329
Gains and losses recognised in profit or loss	-	(422)	(422)
Gains and losses recognised in other comprehensive income	(1,512)	-	(1,512)
At December 31	$ 31,325	$ 70	$ 31,395

G. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

H. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and

performing reviews regularly.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
AESolution Biomedical Co., Ltd.	$ 19,041	Market comparable companies	Price to book ratio multiple	3.69 (3.69)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Huede Healthtech Co., Ltd.	-	Net asset value	Not applicable		Not applicable
Hybrid instrument:					
Convertible bond	600	Binomial Model	Volatility	31.70% (31.70%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	0.5549% (0.5549%)	

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
AESolution Biomedical Co., Ltd.	$ 31,325	Market comparable companies	Price to book ratio multiple	4.82 (4.82)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30.55% (30.55%)	The higher the discount for lack of marketability, the lower the fair value
Huede Healthtech Co., Ltd.	-	Net asset value	Not applicable		Not applicable
Hybrid instrument:					
Convertible bond	70	Binomial Model	Volatility	25.71% (25.71%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	0.7383% (0.7383%)	

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2020 and 2019.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

(The following intercompany transactions between the Company and its subsidiaries or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of paid-in capital or more: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) (15) and 12(3).

J. Significant inter-company transactions during the reporting periods: None exceeds 100 million.

(2) Information on investees

(The following intercompany transactions between the Company and its subsidaires or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

(The following intercompany transactions between the Company and its subsidaires or between two subsidiaries were eliminated when preparing the consolidated financial statements.)

A. Basic information: Please refer to table 7.

B. Limits on investments in Mainland China: Please refer to table 7.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: There were no significant transactions.

(4) Major shareholders information

Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment. The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets and liabilities of individual departments are not disclosed.

(2) Measurement of segment information

The chief operating decision-maker assesses performance based on net profits, and the amounts of assets, liabilities, profits and losses provided to the decision-maker are consistent with those presented in the financial statements. Under one reportable segment, information on profits, losses, assets and liabilities of individual departments are not disclosed.

(3) Information on products and services

Because the Company and its subsidiaries are all engaged in sales of drugs and sales, rent and installment and maintenance of medical devices, information on products and services is the same with the financial information provided in Note 6 (22).

(4) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31,			
	2020		2019	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
Taiwan	$ 2,488,500	$ 7,305,098	$ 2,742,853	$ 6,912,999
China	58,386	120,020	196,993	125,378
Others	8,025	-	10,206	-
	$ 2,554,911	$ 7,425,118	$ 2,950,052	$ 7,038,377

Note: Revenue was reclassified based on the country where the customers are located.

(5) Major customer information

	Years ended December 31,	
	2020	2019
	Revenue	Revenue
Customer A	$ 248,610	$ 260,547

CHC Healthcare Group and Subsidiaries

Loans to others

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 380,000	$ 380,000	$ 230,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 584,743	$ 2,338,974	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	130,000	80,000	40,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	500,000	500,000	120,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Medlink Healthcare Limited	Other receivables	Y	100,000	50,000	32,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	150,000	150,000	15,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	4,500	4,500	4,500	2.5%	Business transaction	6,102	-	-	None	-	6,102	62,048	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y	198,000	169,000	169,000	2.5%	Business transaction	210,833	-	-	None	-	199,208	398,416	
						$ 1,363,500	$ 610,500										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 11,694,873	$ 1,822,000	$ 1,562,000	$ 228,344	$ -	26.71%	$ 17,542,309	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	11,694,873	1,520,000	1,520,000	947,113	-	25.99%	17,542,309	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	11,694,873	295,250	178,480	14,999	-	3.05%	17,542,309	Y	N	N	
0	The Company	E Century Healthcare Corporation	2	11,694,873	57,000	57,000	11,214	-	0.97%	17,542,309	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	11,694,873	100,000	100,000	13,023	-	1.71%	17,542,309	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,992,084	828,236	828,236	786,824	828,236	83.15%	2,988,126	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,992,084	575,164	575,164	532,371	575,164	57.74%	2,988,126	N	N	N	
2	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	254,479	43,790	43,770	-	-	34.40%	$ 381,718	N	N	Y	
						$ 4,864,650	$ 2,533,888	$ 1,403,400						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks–Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial asset at fair value through profit or loss-current	200,000	$ 106,000	0.00%	$ 106,000	
The Company	Stocks–S&S Healthcare Holding Ltd. (Note)	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	1,988,100	16,740	3.03%	16,740	
Chiu Ho Medical System Co., Ltd.	Stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	6.06%	-	
Chiu Ho Medical System Co., Ltd.	Stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

Note: Formerly named as Swissray Global Healthcare Holding Ltd. and was renamed as S&S Healthcare Holding Ltd. as resolved by the shareholders at their meeting on June 30, 2020.

CHC Healthcare Group and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 210,834	97%	6 months	-	-	$ 203,014	86%	Note

Note 1: Sales amount includes rental revenue.

Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $203,014	0.97	$ 68,788	In collection	$ 40,311	$ -
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Other receivables:$169,000	0.00	-	-	59,000	-
The Company	Chiu Ho Medical System Co., Ltd.	Subsidiary	Other receivables:$230,000	0.00	-	-	-	-
The Company	Tomorrow Medical System Co., Ltd.	Subsidiary	Other receivables:$120,000	0.00	-	-	70,000	-

Note 1: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables in the parent company only financial statements, and thus the turnover rate is not applicable.
Note 2: The subsequent collections were amounts collected as of March 19, 2021.

CHC Healthcare Group and Subsidiaries

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,380,988	377,540,000	100.00%	$ 4,257,012	$ 177,275	$ 166,415	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	413,484	163,484	70,800,000	100.00%	794,631	17,137	17,137	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	155,121	30,487	30,487	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	317,182	317,182	33,000,000	100.00%	346,921	7,736	7,736	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	119,171	9,171	11,300,000	100.00%	115,048	(2,883)	(2,883)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	371,183	371,183	40,000,000	100.00%	480,835	38,916	38,959	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	451,815	521,815	48,600,000	100.00%	584,091	37,210	37,210	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	85,929	85,929	8,000,000	100.00%	82,199	5,449	5,449	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	556,151	556,151	60,000,000	100.00%	812,228	81,254	81,254	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	411,100	(16,318)	(16,318)	Subsidiary (Note 1)
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	3,697	3,891	100,000	100.00%	37,702	(186)	(143)	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Chiu Ho Medical System Co., Ltd.	Medlink Healthcare Limited	Taiwan	Medical instrument sale	$ 1,545,300	$ 1,545,300	154,125,000	100.00%	$ 1,588,367	$ 29,756	$ 29,756	Subsidiary
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service and elderly residence	194,000	194,000	19,400,000	65.99%	192,021	348	229	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	3,398	2,768	1,568	100.00%	(313)	(1,547)	(1,547)	Subsidiary (Note 1)
Medlink Healthcare Limited	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	1,513,464	93,600,000	100.00%	1,615,034	35,434	30,891	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	-	(9,076)	(276)	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	30,554	(461)	(447)	Subsidiary (Note 2)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: Investee was organised as an associate.

CHC Healthcare Group and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 270,639	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 270,639	$ -	$ -	$ 270,639	($ 16,138)	100%	($ 16,127)	$ 237,936	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	214,865	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	214,865	-	-	214,865	(13)	100%	(13)	127,240	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 485,504	$ 626,576	$ 3,600,001

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group and Subsidiaries

Major shareholders information

December 31, 2020

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.99%
Tien-Ying Lee	9,413,985	5.99%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of CHC Healthcare Group

Opinion

We have audited the accompanying parent company only balance sheets of CHC Healthcare Group (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Assessment of investments accounted for using equity method

Refer to Note 4(12) for accounting policy on investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method.

As of December 31, 2020, the Company's subsidiary, Chiu Ho Medical System Co., Ltd. and its subsidiaries ("Chiu Ho Medical System Group"), recognised investments accounted for using equity method and investment income amounting to NT$4,257,012 thousand and NT$166,415 thousand, respectively. Because Chiu Ho Medical System Group's investments accounted for using equity method constituted 48% of the Company's total assets as of December 31, 2020, and investment income constituted 45% of the Company's profit before tax for the year ended December 31, 2020, which are significant to the Company's financial statements, we identified the assessment of investments accounted for using equity method as a key audit matter as well as the key audit matters, impairment assessment of goodwill and property, plant and equipment, included in Chiu Ho Medical System Group's financial statements. The key audit matters in relation to Chiu Ho Medical System Group's financial statements for the year ended December 31, 2020 are stated as follows:

Impairment assessment of goodwill

Description

As of December 31, 2020, after identifying the smallest cash generating unit which can generate independent cash flows, Chiu Ho Medical System Group used the recoverable amount of each cash generating unit to assess whether goodwill arising from business combination may be impaired. Since the assumptions used by management to assess whether goodwill is impaired involve subjective judgement and have high uncertainty, we considered the impairment assessment of goodwill as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on how management identifies the objective evidence of goodwill impairment, taking into account certain factors in a consistent manner and ascertained whether

management uses reliable information.

B. Obtained the report on the valuation of the subsidiary issued by an expert appointed by the management and performed the following:

(1) Assessed the expert's independence, objectiveness and competence by reviewing the expert's qualification.

(2) Assessed whether the valuation model is reasonable based on our knowledge of the Chiu Ho Medical System Group's businesses and industry.

(3) Confirmed whether the expert uses the same future cash flows relative to the budget for the future years provided by the management.

(4) Checked whether the comparable assets adopted in the appraisal report are consistent with the actual operations.

(5) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Impairment assessment of property, plant and equipment

Description

Some of Chiu Ho Medical System Group's leasing businesses were not as profitable as expected due to fierce competition in the healthcare industry. The Chiu Ho Medical System Group assesses the impairment based on the estimated recoverable amounts of leasing assets (shown as property, plant and equipment) where there is an indication that they are impaired. Given that the calculation of recoverable amounts requires significant accounting estimates relying on subjective judgement and uncertainty, we considered the impairment assessment of leasehold assets using the cash-generating units as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A. Obtained an understanding on how management identifies the objective evidence of impairment, taking into account certain factors in a consistent manner and ascertained whether the management uses reliable information.

B. Acquired the asset appraisal report issued by an expert appointed by the management and performed the following:

(1) Assessed the independence, objectiveness and competence by reviewing the expert's qualification.
(2) Assessed whether the valuation method is widely adopted and appropriate based on our knowledge of the Chiu Ho Medical System Group's businesses and industry.
(3) Confirmed whether the replacement cost, comparative objects and the assets' use indicated on the appraisal report are consistent with the actual operations.
(4) Assessed whether the significant assumptions applied by the expert are relevant and reasonable and tested the mathematical accuracy.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal controls as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
B. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the current period and are therefore the key audit matters. We describe these matters in our report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For and on behalf of PricewaterhouseCoopers, Taiwan
March 19, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 145,791	2	$ 208,236	2
1110	Financial assets at fair value through profit or loss - current	6(2)(18)	106,000	1	71,369	1
1136	Current financial assets at amortised cost	6(4)(16) and 8	-	-	53,096	1
1200	Other receivables		500	-	916	-
1210	Other receivables due from related parties	7	442,521	5	289,237	4
1220	Current tax assets		952	-	1,342	-
1410	Prepayments		7,696	-	5,129	-
11XX	**Total current assets**		703,460	8	629,325	8
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)(18)	600	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	16,740	-	7,356	-
1550	Investments accounted for using equity method	6(5)	8,039,186	91	7,076,510	91
1600	Property, plant and equipment		601	-	975	-
1755	Right-of-use assets	6(6) and 7	16,960	-	-	-
1840	Deferred tax assets	6(21)	61,504	1	62,074	1
1990	Other non-current assets	8	6,640	-	8,188	-
15XX	**Total non-current assets**		8,142,231	92	7,155,103	92
1XXX	**Total assets**		$ 8,845,691	100	$ 7,784,428	100

(Continued)

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term borrowings	6(7)	$ 100,000	1	$ -	-
2150	Notes payable		135	-	595	-
2200	Other payables		20,919	-	20,664	-
2230	Current tax liabilities		1,765	-	-	-
2280	Current lease liabilities	7	6,966	-	-	-
2300	Other current liabilities	6(8)(9)	144,846	2	1,232,291	16
21XX	**Total current liabilities**		274,631	3	1,253,550	16
	Non-current liabilities					
2530	Bonds payable	6(8)	1,488,808	17	-	-
2540	Long-term borrowings	6(9) and 8	1,224,000	14	1,368,000	18
2570	Deferred tax liabilities	6(21)	734	-	734	-
2580	Non-current lease liabilities	7	10,081	-	-	-
25XX	**Total non-current liabilities**		2,723,623	31	1,368,734	18
2XXX	**Total liabilities**		2,998,254	34	2,622,284	34
	Equity					
	Share capital	6(12)				
3110	Common stock		1,570,439	18	1,416,335	18
	Capital surplus	6(8)(11)(13)				
3200	Capital surplus		3,427,278	39	2,981,939	38
	Retained earnings	6(14)				
3310	Legal reserve		317,065	4	277,548	4
3320	Special reserve		387,852	4	363,621	5
3350	Unappropriated retained earnings		566,883	6	545,509	7
	Other equity	6(3)				
3400	Other equity		(387,124)	(5)	(387,852)	(5)
3500	**Treasury shares**	6(12)	(34,956)	-	(34,956)	(1)
3XXX	**Total equity**		5,847,437	66	5,162,144	66
	Significant contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 8,845,691	100	$ 7,784,428	100

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
4000	**Operating revenue**	6(15) and 7	$ 500,575	100	$ 503,625	100
5000	**Operating costs**	6(10)(11)(20) and 7	(109,029)	(22)	(99,173)	(20)
5900	**Gross profit**		391,546	78	404,452	80
	Non-operating income and expenses					
7100	Interest income	6(16) and 7	9,798	2	10,887	2
7010	Other income	6(17)	1,027	-	2,903	1
7020	Other gains and losses	6(2)(18)	22,195	5	14,700	3
7050	Finance costs	6(19) and 7	(55,048)	(11)	(50,328)	(10)
7000	**Total non-operating income and expenses**		(22,028)	(4)	(21,838)	(4)
7900	**Profit before income tax**		369,518	74	382,614	76
7950	Income tax (expense) benefit	6(21)	(3,129)	(1)	12,558	3
8200	**Profit for the year**		$ 366,389	73	$ 395,172	79
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)	$ 9,384	2	($ 7,038)	(2)
8330	Share of other comprehensive income (loss) of subsidiary, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss		(12,284)	(3)	(1,512)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		3,681	1	(15,713)	(3)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(53)	-	32	-
8300	**Other comprehensive income (loss) for the year**		$ 728	-	($ 24,231)	(5)
8500	**Total comprehensive income for the year**		$ 367,117	73	$ 370,941	74
	Earnings per share					
9750	Basic earnings per share	6(22)	$	2.53	$	2.83
9850	Diluted earnings per share	6(22)	$	1.95	$	2.46

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Reserves					Retained Earnings			Other Equity Interest			
	Notes	Common stock	Capital surplus	Treasury stock transactions	Employee share options	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (loss) on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
2019													
Balance at January 1, 2019		$ 1,399,136	$ 2,830,390	$ 173	$ 52,641	$ 47,049	$ 245,206	$ 33,211	$ 763,134	($ 29,237)	($ 334,384)	($ 34,956)	$ 4,972,363
Profit for the year		-	-	-	-	-	-	-	395,172	-	-	-	395,172
Other comprehensive loss		-	-	-	-	-	-	-	-	(15,681)	(8,550)	-	(24,231)
Total comprehensive income (loss)		-	-	-	-	-	-	-	395,172	(15,681)	(8,550)	-	370,941
Appropriations of 2018 earnings	6(14)												
Legal reserve		-	-	-	-	-	32,342	-	(32,342)	-	-	-	-
Special reserve		-	-	-	-	-	-	330,410	(330,410)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(250,045)	-	-	-	(250,045)
Conversion of convertible bonds	6(8)(12)	7,809	22,883	-	-	(779)	-	-	-	-	-	-	29,913
Exercise of employee stock options	6(12)	9,390	71,363	-	(47,507)	-	-	-	-	-	-	-	33,246
Compensation cost of employee stock options	6(11)	-	-	-	2,134	-	-	-	-	-	-	-	2,134
Compensation cost of employee stock options of subsidiaries		-	-	-	3,592	-	-	-	-	-	-	-	3,592
Expired employee stock options		-	-	-	(1,897)	1,897	-	-	-	-	-	-	-
Balance at December 31, 2019		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144
2020													
Balance at January 1, 2020		$ 1,416,335	$ 2,924,636	$ 173	$ 8,963	$ 48,167	$ 277,548	$ 363,621	$ 545,509	($ 44,918)	($ 342,934)	($ 34,956)	$ 5,162,144
Profit for the year		-	-	-	-	-	-	-	366,389	-	-	-	366,389
Other comprehensive income (loss)		-	-	-	-	-	-	-	-	3,628	(2,900)	-	728
Total comprehensive income (loss)		-	-	-	-	-	-	-	366,389	3,628	(2,900)	-	367,117
Appropriations of 2019 earnings	6(14)												
Legal reserve		-	-	-	-	-	39,517	-	(39,517)	-	-	-	-
Special reserve		-	-	-	-	-	-	24,231	(24,231)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(281,267)	-	-	-	(281,267)
Conversion of convertible bonds	6(8)(12)	151,509	424,330	-	-	(14,446)	-	-	-	-	-	-	561,393
Issuance of convertible bonds	6(8)	-	-	-	-	25,350	-	-	-	-	-	-	25,350
Exercise of employee stock options	6(12)	2,595	7,840	-	(2,195)	-	-	-	-	-	-	-	8,240
Compensation cost of employee stock options	6(11)	-	-	-	1,482	-	-	-	-	-	-	-	1,482
Compensation cost of employee stock options of subsidiaries		-	-	-	2,978	-	-	-	-	-	-	-	2,978
Expired employee stock options		-	-	-	(74)	74	-	-	-	-	-	-	-
Balance at December 31, 2020		$ 1,570,439	$ 3,356,806	$ 173	$ 11,154	$ 59,145	$ 317,065	$ 387,852	$ 566,883	($ 41,290)	($ 345,834)	($ 34,956)	$ 5,847,437

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 369,518	$ 382,614
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation charge	6(20)	4,844	1,150
Amortisation charge	6(20)	457	518
Gain on financial assets or liabilities at fair value through profit or loss	6(2)(18)	(26,738)	(17,403)
Interest expense	6(19)	41,126	37,971
Interest income	6(16)	(9,798)	(10,887)
Dividend income	6(17)	(1,015)	(967)
Compensation cost of employee stock options	6(11)	1,482	2,134
Share of profit of associates and joint ventures accounted for using equity method	6(15)	(365,446)	(389,625)
Impairment loss on non-financial assets	6(18)	-	2,595
Amortisation of discount on bonds payable	6(19)	13,922	12,357
Changes in operating assets and liabilities			
Changes in operating assets			
Acquisition of financial assets at fair value through profit or loss		(7,463)	-
Accounts receivable - related parties		-	3,370
Other receivables		(1,368)	(916)
Prepayments		(2,567)	1,385
Other non-current assets		-	(268)
Changes in operating liabilities			
Notes payable		(460)	(869)
Other payables		185	136
Other current liabilities		26	(109)
Cash inflow generated from operations		16,705	23,186
Interest received during the year		9,798	9,625
Dividends received during the year		263,008	248,326
Interest paid during the year		(41,056)	(38,008)
Income tax (paid) refund		(403)	1,234
Net cash flows from operating activities		248,052	244,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		-	(3,043)
Proceeds from disposal of financial assets at amortised cost		53,096	-
(Increase) decrease in other receivables due from related parties		(151,000)	254,000
Acquisition of investments accounted for using equity method	7	(935,400)	-
Proceeds from capital reduction of investments accounted for using equity method	7	70,000	60,000
Acquisition of property, plant and equipment		(400)	(293)
Proceeds from disposal of property, plant and equipment	7	23	-
Decrease in refundable deposits		392	-
Decrease in other non-current assets		700	-
Net cash flows (used in) from investing activities		(962,589)	310,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(23)	-	(180,000)
Increase in short-term loans	6(23)	100,000	-
Repayments of lease liabilities	6(23)	(4,007)	-
Proceeds from issuance of bonds	6(8)	1,515,000	-
Repayments of bonds	6(8)	(607,600)	-
Issuance cost of bonds payable		(6,274)	-
Repayments of long-term debt	6(23)	(72,000)	-
Exercise of employee stock options		8,240	33,246
Payment of cash dividends	6(14)	(281,267)	(250,045)
Net cash flows from financing activities		652,092	396,799
(Decrease) increase in cash and cash equivalents		(62,445)	158,228
Cash and cash equivalents at beginning of year		208,236	50,008
Cash and cash equivalents at end of year		$ 145,791	$ 208,236

The accompanying notes are an integral part of these parent company only financial statements.

CHC HEALTHCARE GROUP
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

CHC Healthcare Group ("CHC" or the "Company") was establihsed in November 2009. The Company was established for the purpose of enhancing the comprehensive performance in Greater China and implementing organisational restructuring with Chiu Ho Medical System Co., Ltd. and other affliates. The Company was listed on the Taiwan Stock Exchange on October 24, 2012. The Company is primarily engaged in investment in various businesses.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 19, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented,

unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:
   (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
   (b) Financial assets at fair value through other comprehensive income.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and The Company's presentation currency.

A. Foreign currency transactions and balances
   (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
   (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
   (c) All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains or losses".

B. Translation of foreign operations

   The operating results and financial position of all the Company entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
   (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
   (b) Income and expenses for each statement of comprehensive income are translated at average

exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which The Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, The Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings. When the equity instruments are derecognised the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Investments accounted for using equity method – subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when

the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses occurred from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise loss proportionately to its ownership.

D. Changes in parent's ownership interest in subsidiary that do not result in the parent losing control of the subsidiaries (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the parent company only financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the parent company only financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Transportation equipment	5 years
Other equipment	2 ~ 5 years

(14) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest

method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus - share options'.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle

on a net basis or realise the asset and settle the liability simultaneously.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of the share-based payment arrangements is the date that the subscription price and shares are determined.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax

authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Treasury share

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Investment revenue

The Company recognises share of profit or loss of subsidiaries and associates generated after acquisition in revenue or cost.

B. Sales of services

(a) The Company provided administrative resources and management services to subsidiaries, and the revenue will have to be recognised based on the stage of completion at the balance sheet date.

(b) If the outcome of providing services cannot be estimated reliably, revenue is recognised only to the extent that costs incurred are likely to be recoverable. If the incurred costs are likely to be recovered, revenue is recognised to the extent that costs incurred are likely to be recoverable; if the incurred costs are not likely to be recovered, revenue shall not be recognised, and the incurred costs shall be recognised in expenses.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Except for the accounting estimations (detailed in (2) below), the management does not make any judgement that significant affect the recognised amounts in parent company only financial statements when applying the Company's accounting polices.

(2) Critical accounting estimates and assumptions

The Company makes accounting estimates in applying reasonable expectation concerning future events. However, assumptions and estimates may differ from the actual results. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of investments accounted for using equity method

The Company assesses the impairment of an investment accounted for using equity method as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for under the equity method based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Checking accounts and demand deposits	$ 145,791	$ 108,236
Time deposits	-	100,000
	$ 145,791	$ 208,236

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company classified restricted cash and cash equivalents pledged to others as other non-current assets. Please refer to Note 8 for details.

(2) Financial assets and liabilities at fair value through profit or loss

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 99,427	$ 74,900
Non-hedging derivatives		
(Redemption rights to the third domestic issuance of secured convertible corporate bonds)	-	284
Valuation adjustment	6,573	(3,815)
	$ 106,000	$ 71,369
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Non-hedging derivatives		
(Redemption rights to the fourth domestic issuance of secured convertible corporate bonds)	$ 1,050	$ -
Valuation adjustment	(450)	-
	$ 600	$ -

For the years ended December 31, 2020 and 2019, net gain (loss) on financial assets at fair value through profit or loss was $26,738 and $17,403, respectively, shown as 'other gains and losses'.

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Non-current items:		
Listed stocks		
S&S Healthcare Holding Ltd. (Note)	$ 340,215	$ 340,215
Valuation adjustment	(323,475)	(332,859)
	$ 16,740	$ 7,356

Note: Formerly named as Swissray Global Healthcare Holding Ltd. and was renamed as S&S

Healthcare Holdings Ltd. as resolved by the shareholders at their meeting on June 30, 2020.

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $16,740 and $7,356 as at December 31, 2020 and 2019, respectively.

B. The Company recognised $9,384 and ($7,038) in other comprehensive income (loss) for fair value change for the years ended December 31, 2020 and 2019, respectively.

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits with maturity over three months	$ -	$ 53,096

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2020	2019
Interest income	$ 36	$ 60

B. The Company's financial assets at amortised cost are time deposits in banks. Banks that the Company transacted with all have high credit quality.

C. Details of the Company's certain financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(5) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Chiu Ho Medical System Co., Ltd.	$ 4,257,012	$ 3,568,853
Tomorrow Medical System Co., Ltd.	794,631	570,480
Chiu Ho Scientific Co., Ltd.	155,121	142,954
Chiu Ho Biotech Co., Ltd.	346,921	349,687
Shin-Ho Instruments Co., Ltd.	115,048	7,931
Tong-Lin Instruments Co., Ltd.	480,835	486,998
Hua Lin Instruments Co., Ltd.	584,091	634,486
Hsin Lin Biotech Co., Ltd.	82,199	76,750
E Century Healthcare Corporation	812,228	814,635
CHC Healthcare (BVI) Limited	411,100	423,736
	$ 8,039,186	$ 7,076,510

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2020.

(6) Leasing arrangements-lessee

A. The Company leases buildings from subsidiary, Chiu Ho Medical. Rental contracts are typically made for periods of 3 years. Rents are paid at the beginning of the month. Lease terms are

negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise warehouse.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Book value	Depreciation charge
Buildings	$ 16,960	$ 4,094

D. For the year ended December 31, 2020, the additions to right-of-use assets was $21,054.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2020
Items affecting profit or loss	
Interest expense on lease liabilities	$ 193
Expense on short-term lease contracts	1,481

F. For the year ended December 31, 2020, the Company's total cash outflow for leases was $5,681.

(7) Short-term borrowings

Type of borrowings	December 31, 2020	December 31, 2019
Bank borrowings		
Credit borrowings	$ 100,000	$ -
Interest rate	1.05%	-

For the years ended December 31, 2020 and 2019, the Company has no collateral pledged for short-term borrowings.

(8) Bonds payable

	December 31, 2020	December 31, 2019
Bonds payable	$ 1,537,875	$ 1,169,700
Less: Discount on bonds payable	(49,067)	(10,229)
	1,488,808	1,159,471
Less: Current portion or exercise of put options (shown as 'other current liabilities')	-	(1,159,471)
	$ 1,488,808	$ -

A. The terms of the third domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the third domestic secured convertible bonds totalling $1,200,000 with zero coupon rate as approved by the regulatory authority. The bonds mature three years from the issue date (November 2, 2017 ~ November 2, 2020) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 2, 2017.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$42 (in dollars). On July 15, 2018, July 15, 2019 and July 18, 2020, the Company adjusted the conversion price per share to NT$40.6, NT$38.8 and NT$37.1 (in dollars), respectively, according to the rules described above.

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) On August 17, 2018, the Company signed a corporate bond issuance guarantee agreement with Chinatrust Commercial Bank. Under the terms of the agreement, the Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

a. Current ratio must be 100% or higher.
b. Debt ratio must equal to or less than 150%.
c. Interest coverage ratio must be 3 or higher.
d. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, Chinatrust Commercial Bank will determine whether there has been a breach of contract.

(g) The convertible bonds matured on November 2, 2020. Part of the bonds were converted into 15,932 thousand shares of common stock, and the remaining unconverted bonds were redeemed at $607,600 by cash. The Company transferred the forfeited stock options of $15,617 to capital surplus-forfeited stock options (shown as capital surplus-others).

B. The terms of the fourth domestic secured convertible bonds issued by the Company are as follows:

(a) The Company issued the fourth domestic secured convertible bonds totalling $1,515,000 with zero coupon rate which were issued at a 101% premium of the total face value of $1,500,000 as approved by the regulatory authority. The bonds mature five years from the issue date (August 4, 2020 ~ August 4, 2025) and will be redeemed in cash at 102.525% of face value at the maturity date. The bonds were listed on the Taipei Exchange on August 4, 2020.

(b) The bondholders have the right to request TDCC through the security dealers for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price on the issue date is NT$53.9 (in dollars).

(d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time after the following events occur: (i) the closing price of the Company's common shares is above the then conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after one month of the bonds issue to 40 days before the maturity date.

(e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

(f) Regarding the fourth issuance of secured convertible bonds, the equity conversion options amounting to $25,350 were separated from the liability component and were recognised in 'capital surplus - others' in accordance with IAS 32 as of December 31, 2020. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. As of December 31, 2020, the effective interest rates of the bonds payable after such separation was 0.7077%.

C. Information on assets pledged as collateral for the third domestic bonds is provided in Note 8 and there were no assets pledged as collateral for the fourth domestic bonds.

(9) Long-term borrowings

Type of borrowings	Borrowing period	December 31, 2020	December 31, 2019
Bank borrowings			
Secured borrowings	2018.11.29~2023.11.29	$ 1,368,000	$ 1,440,000
Less: Current portion (shown as 'other current liabilities')		(144,000)	(72,000)
		$ 1,224,000	$ 1,368,000
Interest rate		1.8%	1.797%

A In November 2018, the Company and Tomorrow Medical System Co., Ltd. signed a syndicated loan agreement in the amount of $2,440,000 with a group of lenders led by First Commercial Bank and agreed to the following terms:

(a) If the actual drawn amount is less than 80% of each available borrowing facility, the difference shall be imposed at a rate of 0.15% as a commitment fee at the end of the limit on borrowing facilities. The commitment fee shall be paid in full to the lead bank within 5 trading days after the end of the limit on borrowing facilities. Subsequently, the lead bank shall pay the commitment fee to syndicated banks based on its committed ratio.

(b) Loan funds must be used for a specified purpose.

(c) The Company will periodically submit a financial assurance letter to the banks, indicating whether the Company has achieved the required financial ratios based on the annual and semi-annual consolidated financial statements as follows:

i. Current ratio must be 100% or higher.

ii. Debt ratio must be equal to or less than 150%.

iii. Interest coverage ratio must be 3 or higher.

iv. Tangible net assets must be $4,000,000 or higher.

If the Company fails to meet any of the requirements stated above, remedial measures, such as capital increase, must be taken to address the issue before the financial reporting date of the next annual or half-year consolidated financial statements. If the issue is resolved with the remedial measures, it is not considered a breach of contract. However, the Company is required to pay a fee, equal to 0.1% of the unpaid principal balance on the audit date, to the agency bank, who will distribute this fee among the syndicate lenders.

(d) The Company shall directly/ indirectly hold a 100% equity interest in Tomorrow Medical System Co., Ltd., Hsing-Yeh Biotechnology Co., Ltd., Medlink Healthcare Limited and Chiu Ho Medical System Co., Ltd., and directly/indirectly hold at least a 66.67% equity interest in Hua Lin Instruments Co., Ltd., Tong-Lin Instruments Co., Ltd., E Century Healthcare Corporation, Chiu Ho Biotech Co., Ltd. and Chiu Ho Scientific Co., Ltd., respectively, and the Company has control over those companies' operations. Above equity interests can not be pledged or transferred to a third party in any assumption or method as well as trust.

If the Company fails to meet this requirement, First Commercial Bank will determine whether there has been a breach of contract and, if necessary, call a meeting with all the syndicate lenders to discuss the matter.

B. Information on assets pledged as collateral for long-term borrowings is provided in Note 8.

(10) Pensions

A. The Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $2,184 and $1,893, respectively.

(11) Share-based payment

A. As of December 31, 2020 and 2019, the Company's share-based payment transactions are as follows:

Type of arrangement	Grant date	Quantity granted (in thousands of shares)	Contract period	Vesting conditions
Employee stock options-101	2012.8.31	3,000 (Note 2)	7 years	(Note 1)
Employee stock options-106	2018.4.13	2,000 (Note 3)	7 years	(Note 1)

Note 1: After two years from the grant date, employees are allowed to exercise their stock options according to the vesting schedule and proportion specified in the plan.

Note 2: 1,720 thousand shares of which were granted to the employees of subsidiaries.

Note 3: 1,262 thousand shares of which were granted to the employees of subsidiaries and second-tier subsidiaries.

B. Details of the share-based payment arrangements are as follows:

	2020		2019	
Stock options	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)	No. of options (in thousands of shares)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	1,980	$ 31.90	2,957	$ 34.33
Options forfeited	(75)	31.03	(38)	34.81
Options exercised	(259)	31.75	(939)	35.41
Options outstanding at December 31	1,646	30.50	1,980	31.90
Options exercisable at December 31	225		-	

C. As of December 31, 2020 and 2019, number of options outstanding granted to the employees of subsidiaries and second-tier subsidiaries were 1,059 thousand shares and 1,242 thousand shares, respectively, and number of options exercisable were 139 thousand shares and 0 shares, respectively.

D. For the years ended December 31, 2020 and 2019, the weighted-average stock price of stock options on exercise dates were NT$41.66 and NT$43.52 (in dollars), respectively.

E. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		December 31, 2020		December 31, 2019	
Issue date approved	Expiry date	No. of shares (in thousands of shares)	Exercise price (in dollars)	No. of shares (in thousands of shares)	Exercise price (in dollars)
2018.4.13	2025.4.12	1,646	$ 30.50	1,980	$ 31.90

F. The Black scholes option-pricing model was used for valuation of fair value of the stock options granted. The related information is listed as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options-101	2012.8.31	$ 85.06 (Note 1)	$ 44.0	40.44% (Note 2)	5.25 years	0%	1.00%	$48.23~ $51.29
Employee stock options-106	2018.4.13	$ 34.50	$ 34.5	30.02%	5.25 years	0%	0.75%	$8.46~ $10.91

Note 1: Estimated using the market approach with necessary adjustments, the price of the common shares of the Company that have no controlling rights and cannot be traded in the open market was NT$85.06 (in dollars) on the grant date.

Note 2: Expected price volatility is estimated based on the historical stock prices of comparable companies.

G. Expenses incurred on the Company's share-based payment transactions are shown below:

	Years ended December 31,	
	2020	2019
Equity-settled	$ 1,482	$ 2,134

H. On July 18, 2020 and July 15, 2019, the exercise prices of employee stock options-106 were adjusted to NT$30.5 and NT$31.9 (in dollars), respectively, according to the rules of the employee stock option plan. The adjustment of exercise prices had no significant impact on the fair value of the aforementioned stock options.

(12) Share capital

A. As of December 31, 2020, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,570,439 with a par value of $10

(in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	(In thousands of shares)	
	2020	2019
At January 1	140,634	138,914
Employee stock options exercised	259	939
Bonds payable converted	15,151	781
At December 31	156,044	140,634

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

(In thousands of shares)

		December 31, 2020		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount	Number of shares	Carrying amount
The Company	To be reissued to employees	1,000	$ 34,956	1,000	$ 34,956

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(13) Capital surplus

A. Pursuant to Paragraph 4, Article 30 of the Business Mergers and Acquisitions Act, if a company becomes a wholly-owned subsidiary of another company through a share exchange, its undistributed earnings become part of the capital surplus of the acquiring company (parent company). Therefore, if the increase in the investment holding company's capital surplus is from the undistributed earnings of the subsidiary before the share exchange, this amount can be distributed as cash dividends or capitalised. Moreover, the proportion that can be capitalised is not subject to the restrictions set forth in Article 8 of the Securities and Exchange Act Enforcement Rules. In addition, according to Tai-Cai-Rong-Yi-Zi No. 0910016280, such increase in capital surplus was not generated by the holding company's business operations and thus will not affect the remuneration of directors and supervisors and bonuses of employees. As

of December 31, 2020, capital surplus that is attributable to the undistributed earnings of Chiu Ho Medical System Co., Ltd. and other associates before share exchanges amounted to $44,390.

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

C. Please refer to Note 6(11) for information on capital surplus - employee stock options.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve unless legal reserve equals the authorised share capital. Special reserve is then appropriated or reversed in accordance with related regulations. At least 50% of the remainder, if any, and accumulated undistributed earnings from prior years is distributable under the stockholders' resolution at their meeting as proposed by the Board of Directors.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The proposal on 2019 and 2018 earnings appropriation which were resolved at the shareholders' meeting on June 12, 2020 and June 12, 2019, respectively, are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 39,517		$ 32,342	
Special reserve	24,231		330,410	
Cash dividends	281,267	$ 2.0	250,045	$ 1.8
	$ 345,015		$ 612,797	

The aforementioned earnings appropriations for the years ended December 31, 2019 and 2018

were in agreement with the amounts resolved by the Board of Directors during its meetings held on March 23, 2020 and March 22, 2019, respectively, and the ex-dividend dates resolved in the same meetings were July 18, 2020 and July 15, 2019, respectively. For more information on the aforementioned earnings appropriations proposed by the Board of Directors and resolved by the shareholders, please go to the Market Observation Post System website maintained by the Taiwan Stock Exchange.

E. The appropriations for 2020 earnings as resolved by the Board of Directors on March 19, 2021 are as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 36,639	
Reversal of special reserve	(728)	
Cash dividends	313,648	$ 2.01
	$ 349,559	

(15) Operating revenue

	Years ended December 31,	
	2020	2019
Investment revenue	$ 365,446	$ 389,625
Revenue from customer contracts		
Timing of revenue recognition-over time		
- internal customers - management service revenue	135,129	114,000
	$ 500,575	$ 503,625

(16) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	$ 117	$ 47
Interest income from financial assets measured at amortised cost	36	60
Other interest income	9,645	10,780
	$ 9,798	$ 10,887

(17) Other income

	Years ended December 31,	
	2020	2019
Dividend income	$ 1,015	$ 967
Other income	12	1,936
	$ 1,027	$ 2,903

(18) Other gains and losses

	Years ended December 31,	
	2020	2019
Net currency exchange losses	($ 4,543)	($ 103)
Net gains on financial assets and liabilities at fair value through profit or loss	26,738	17,403
Impairment of investments accounted for using equity method	-	(2,595)
Other losses	-	(5)
	$ 22,195	$ 14,700

(19) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense:		
Bank borrowings	$ 28,167	$ 28,034
Convertible bonds	13,922	12,357
Lease liability	193	-
Financial expense, others	12,766	9,937
	$ 55,048	$ 50,328

(20) Expenses by nature

	Years ended December 31,			
	2020		2019	
Employee benefit expense	Operating Cost	Operating Expense	Operating Cost	Operating Expense
Wages and salaries	$ 71,927	$ -	$ 59,930	$ -
Employee stock options	1,482	-	2,134	-
Labor and health insurance fees	4,350	-	3,833	-
Pension costs	2,184	-	1,893	-
Directors' remuneration	6,251	-	6,195	-
Other personnel expenses	1,848	-	1,640	-
Depreciation charge	4,844	-	1,150	-
Amortisation expense	457	-	518	-
	$ 93,343	$ -	$ 77,293	$ -

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year (i.e. profit before tax less profit margin before the appropriation of employees' compensation and directors' remuneration), after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 0.05% for employees' compensation and shall not be higher than 5% for directors' remuneration.

The aforementioned employees' compensation and directors' remuneration requires the approval from the majority of the directors attending a board meeting, with more than two thirds

of all directors in attendance, and must be reported to the shareholders.

Employees' compensation is distributed in the form of shares or cash, and the recipients may include employees of affiliates who meet certain conditions. The distribution plan is set by the Chairman.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $200 and $195, respectively; directors' remuneration was both accrued at $5,600. The aforementioned amounts were recognised in salary expenses.

Employees' compensation of $195 and directors' remuneration of $5,600 for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors and approved by shareholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit)

(a) Components of income tax expense (benefit):

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 51	$ -
Tax on undistributed surplus earnings	2,508	-
Total current tax	2,559	-
Deferred tax		
Origination and reversal of temporary differences	570	(12,558)
Income tax expense (benefit)	$ 3,129	($ 12,558)

(b) Reconciliation between income tax benefit and accounting profit:

	Years ended December 31,	
	2020	2019
Income tax calculated based on profit before tax and statutory tax rate	$ 73,904	$ 76,522
Expenses disallowed by tax regulation	1,945	4,868
Tax exempt income by tax regulation	(78,491)	(78,039)
Tax on undistributed surplus earnings	2,508	-
Change in assessment of realisation of deferred tax assets	3,263	(15,909)
Income tax expense (benefit)	$ 3,129	($ 12,558)

B. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	Year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 68	$ 844	$ -	$ 912
Unused compensated absences	48	107	-	155
Currency translation differences	-	-	-	-
Income tax losses	61,958	(1,521)	-	60,437
	62,074	(570)	-	61,504
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 61,340	($ 570)	$ -	$ 60,770

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
- Deferred tax assets:				
Unrealised exchange loss	$ 47	$ 21	$ -	$ 68
Unused compensated absences	55	(7)	-	48
Currency translation differences	-	-	-	-
Income tax losses	49,414	12,544	-	61,958
	49,516	12,558	-	62,074
Temporary differences				
- Deferred tax liabilities:				
Effects of business combination	(734)	-	-	(734)
	$ 48,782	$ 12,558	$ -	$ 61,340

C. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2020			
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 302,185	$ -	2028

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2018	$ 309,790	$ 309,790	$ -	2028

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 94,923	$ 82,286

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	$ 2.53
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 366,389	144,957	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	355	
Employees' compensation	-	7	
Convertible bonds	27,188	56,097	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 393,577	201,416	$ 1.95

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	$ 2.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 395,172	139,707	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	401	
Employees' compensation	-	6	
Convertible bonds	22,728	29,769	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 417,900	169,883	$ 2.46

Because employees' compensation may be distributed in the form of shares, the calculation of diluted earnings per share assumes that employees' compensation would be distributed entirely in shares. These dilutive potential common shares are included in the weighted average number of outstanding shares when calculating diluted earnings per share. When calculating basic earnings per share, shares issued as part of employees' compensation are included in the weighted average number of outstanding shares only if the number of such shares have been confirmed and resolved by the shareholders. Shares issued as part of employees' compensation are not considered bonus shares, therefore no retrospective adjustment is applied when calculating basic and diluted earnings per share.

(23) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2020	$ -	$ 1,159,471	$ 1,440,000	$ -	$ 2,599,471
Changes in cash flow from financing activities	100,000	901,126	(72,000)	(4,007)	925,119
Changes in other non-cash items	-	(571,789)	-	21,054	(550,735)
December 31, 2020	$ 100,000	$ 1,488,808	$ 1,368,000	$ 17,047	$ 2,973,855

	Short-term borrowings	Bonds payable	Long-term borrowings	Lease liability	Total liabilities from financing activities
January 1, 2019	$ 180,000	$ 1,159,471	$ 1,440,000	$ -	$ 2,779,471
Changes in cash flow from financing activities	(180,000)	-	-	-	(180,000)
December 31, 2019	$ -	$ 1,159,471	$ 1,440,000	$ -	$ 2,599,471

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's stocks are held by the public, so it has neither an ultimate parent company nor ultimate controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chiu Ho Medical System Co., Ltd.	Subsidiary
Tomorrow Medical System Co., Ltd.	Subsidiary
Chiu Ho Scientific Co., Ltd.	Subsidiary
Chiu Ho Biotech Co., Ltd.	Subsidiary
Shin-Ho Instruments Co., Ltd.	Subsidiary
Tong-Lin Instruments Co., Ltd.	Subsidiary
Hua Lin Instruments Co., Ltd.	Subsidiary
Hsin Lin Biotech Co., Ltd.	Subsidiary
E Century Healthcare Corporation	Subsidiary
J. Ab Beauty Co., Ltd. (Note)	Subsidiary
Medlink Healthcare Limited	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	Subsidiary
SenCare Healthcare Company	Subsidiary
CHC Long-Term Care Corporation	Subsidiary

Note: The shareholders resolved to dissolve the Company's subsidiary, J. Ab Beauty Co., Ltd., at their meeting on April 20, 2018. Consequently, the Company no longer controls J. Ab Beauty Co., Ltd. thereafter. The liquidation of J. Ab Beauty Co., Ltd. was completed on July 23, 2019.

(3) Significant transactions and balances with related parties

A. Management service revenues (shown as 'Operating revenue')

	Years ended December 31,	
	2020	2019
Sales of services		
Chiu Ho Medical System Co., Ltd.	$ 52,200	$ 44,640
Tomorrow Medical System Co., Ltd.	21,666	16,080
Hua Lin Instruments Co., Ltd.	8,271	11,160
E Century Healthcare Corporation	11,751	12,720
Hsing-Yeh Biotechnology Co., Ltd.	10,026	10,200
Others	31,215	19,200
	$ 135,129	$ 114,000

Management service revenue pertains to revenue arising from administrative resources, technical consultation on medical practices and management services rendered by the Company to related parties and the prices and payment terms are decided by both parties.

B. Rent expenses (shown as 'Operating costs')

			Years ended December 31,	
Lease objects	Lessors	Leasing period	2020	2019
Land and Buildings	Chiu Ho Medical System Co., Ltd.	2020.1.1~2020.12.31	$ 568	$ 840
	Chiu Ho Scientific Co., Ltd.	2019.1.1~2019.12.31	263	480
			$ 831	$ 1,320

The Company paid rent monthly.

C. Property transactions

Disposal of property, plant and equipment:

	Year ended December 31, 2020	
	Disposal proceeds	Gain (loss) on disposal
Chiu Ho Medical System Co., Ltd.	$ 23	$ -

There was no disposal of property, plant and equipment to related parties for the year ended December 31, 2019.

D. Other receivables due from related parties

(a) Loans to related parties (including interest receivable)

	December 31, 2020	December 31, 2019
Tomorrow Medical System Co., Ltd.	$ 121,349	$ 191,874
Chiu Ho Medical System Co., Ltd.	232,939	-
Others	87,864	96,994
	$ 442,152	$ 288,868

Interest income

	Years ended December 31,	
	2020	2019
Chiu Ho Medical System Co., Ltd.	$ 3,503	$ 3,597
Tomorrow Medical System Co., Ltd.	4,012	5,641
Chiu Ho Scientific Co., Ltd.	739	656
Others	1,391	886
	$ 9,645	$ 10,780

The loans lent to subsidiaries are repayable within 1 year and the interest rate is at 2% per annum for both years ended December 31, 2020 and 2019.

(b) Proceeds from liquidation of investee transferred to other receivables

	December 31, 2020	December 31, 2019
J. Ab Beauty Co., Ltd.	$ 369	$ 369

E. Lease transactions－lessee

(a) The Company leases offices from related parties. Rental contracts are all typically made for periods of 3 years. Rents are determined according to the market price and paid monthly.

(b) Acquisition of right-of-use assets

	Year ended December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 21,054

(c) Lease liabilities

i. Outstanding balance

	December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 17,047

ii. Interest expense

	Year ended December 31, 2020
Chiu Ho Medical System Co., Ltd.	$ 193

F. Others

(a) Capital increase of subsidiaries

	Year ended December 31, 2020			
Company name	Capital increase price per share (in dollars)	Total transaction amount	Percentage of ownership before capital increase	Percentage of ownership after capital increase
Chiu Ho Medical System Co., Ltd.	$ 10	$ 575,400	100%	100%
Tomorrow Medical System Co., Ltd.	10	250,000	100%	100%
Shin-Ho Instruments Co., Ltd.	10	110,000	100%	100%
		$ 935,400		

For the year ended December 31, 2019, the Company had no additional investment in subsidiaries.

(b) Proceeds from capital reduction of subsidiaries

	Year ended December 31, 2020		Year ended December 31, 2019	
Company name	Percentage of capital reduction	Total transaction amount	Percentage of capital reduction	Total transaction amount
Hua Lin Instruments Co., Ltd.	12.59%	$ 70,000	-	$ -
Chiu Ho Biotech Co., Ltd.	-	-	10.81%	40,000
Hsin Lin Biotech Co., Ltd.	-	-	20%	20,000
		$ 70,000		$ 60,000

G. Endorsements and guarantees provided to related parties

(a) As of December 31, 2020 and 2019, the balances of financial guarantees provided by the Company to other subsidiaries as collateral for bank borrowings are as follows.

	December 31, 2020	December 31, 2019
Chiu Ho Medical System Co., Ltd.	$ 1,562,000	$ 1,792,000
Tomorrow Medical System Co., Ltd.	1,520,000	1,520,000
Others	335,480	351,980
	$ 3,417,480	$ 3,663,980

(b) As of December 31, 2020 and 2019, the Company and its subsidiary, Tomorrow Medical System Co., Ltd., signed a syndicated loan agreement with First Commercial Bank, and the total syndicated loan amounted to $2,440,000. This syndicated loan is jointly guaranteed by the Company and the Company's chairman, Mr. Pei-Lin Lee, and pledged the land and buildings of the subsidiary, Hsing-Yeh Biotechnology Co., Ltd., as collateral.

(4) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 41,123	$ 32,001
Post-employment benefits	324	216
Share-based payments	466	607
	$ 41,913	$ 32,824

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

Assets	Book value December 31, 2020	Book value December 31, 2019	Purpose
Financial assets at amortised cost – current			
- Time deposits	$ -	$ 50,098	Performance guarantee
Other non-current assets			
- Restricted bank deposits	6,300	7,000	Collateral for long-term borrowings
	$ 6,300	$ 57,098	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except for significant commitment and guarantees and endorsements provided to related parties described in Notes 6(8)(9) and 7(3)G, the Company has no other significant commitments and contingencies.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 106,600	$ 71,369
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 16,740	$ 7,356
Financial assets at amortised cost		
Cash and cash equivalents	$ 145,791	$ 208,236
Financial assets at amortised cost	-	53,096
Other receivables (including related parties)	443,021	290,153
Other financial assets (shown as 'other non-current assets - other')	6,300	7,000
Guarantee deposits paid	-	392
	$ 595,112	$ 558,877
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 100,000	$ -
Notes payable	135	595
Other payables	20,919	20,664
Bonds payable (including current portion)	1,488,808	1,159,471
Long-term borrowings (including current portion)	1,368,000	1,440,000
	$ 2,977,862	$ 2,620,730
Lease liability	$ 17,047	$ -

B. Financial risk management policies

(a) The Company's operating activities expose it to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by the Company treasury department under policies approved by the Board of Directors. The Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as credit risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company conducts business worldwide and imports state-of-the-art medical equipment and supplies from various countries and is therefore exposed to foreign exchange rate risk from multiple foreign currencies, primarily the US dollar and HKD. Foreign exchange rate risk arises from net investments in foreign operations.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020			Year ended December 31, 2020 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 15	28.48	$ 427	1%	$ 4
HKD:NTD	27,091	3.67	99,424	1%	994
Non-monetary items					
USD:NTD	14,435	28.48	411,109		

	December 31, 2019			Year ended December 31, 2019 Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 119	29.98	$ 3,568	1%	$ 36
Non-monetary items					
USD:NTD	14,134	29.98	423,736		

iii. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to ($4,543) and ($103), respectively.

Price risk

i. The Company is exposed to equity price risk from its investments classified on the consolidated balance sheet either as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive

income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company has set stop-loss points and therefore does not expect to incur significant losses from equity price risk.

ii. The Company's investments in equity securities comprise domestic and foreign listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $10,600 and $7,137, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,674 and $736, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's interest rate risk arises from long-term borrowings. Long-term borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially offset by cash and cash equivalents held at variable rates. The Company's borrowings at variable rates are primarily denominated in NTD.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the year ended December 31, 2020 and 2019 would have decreased/increased by $13,680 and $14,400, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

The Company provides endorsements and guarantees based on the Company's policies and procedures on endorsements and guarantees, either to subsidiaries. No collateral is requested for the endorsements and guarantees as the Company can control the credit risk of the subsidiary. The maximum credit risk is the guaranteed amount.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the expected or contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Short-term borrowings	$ 100,525	$ -	$ -
Notes payable	135	-	-
Other payables	20,919	-	-
Lease liability	7,596	7,200	3,000
Bonds payable and embedded derivative instruments	-	-	1,537,875
Long-term borrowings (including current portion)	167,395	164,843	1,096,909

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Notes payable	$ 595	$ -	$ -
Other payables	20,450	-	-
Bonds payable and embedded derivative instruments	1,169,700	-	-
Long-term borrowings (including current portion)	97,629	167,395	1,261,752

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amount of a financial instrument not measured at fair value is a reasonable approximation of its fair value. Such financial instruments include cash and cash equivalents, other receivables (including those from related parties), guarantee deposits paid, short-term borrowings, notes payable, other payables, long-term borrowings (including the portion due within one year or one business cycle) and bonds payable (including the portion due within one year or one business cycle).

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 106,000	$ -	$ -	$ 106,000
Derivative instruments	-	-	600	600
Financial assets at fair value through other comprehensive income				
Equity securities	16,740	-	-	16,740
	$ 122,740	$ -	$ 600	$ 123,340

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 71,299	$ -	$ -	$ 71,299
Derivative instruments	-	-	70	70
Financial assets at fair value through other comprehensive income				
Equity securities	7,356	-	-	7,356
	$ 78,655	$ -	$ 70	$ 78,725

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. Listed stocks are instruments whose fair values are measured using quoted market prices (that is, Level 1). The quoted market prices used for these stocks are the closing prices on the balance sheet date.

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019.

	Derivative financial instruments	
	2020	2019
At January 1	$ 70	$ 492
Gains and losses recognised in profit or loss	(520)	(422)
Issuance of convertible bonds	1,050	-
At December 31	$ 600	$ 70

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. Financial accounting department is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions and performing reviews regularly.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 600	Binomial Model	Volatility Discount rate	31.70% (31.70%) 0.5549% (0.5549%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Hybrid instrument:					
Convertible bond	$ 70	Binomial Model	Volatility Discount rate	25.71% (25.71%) 0.7383% (0.7383%)	The higher the volatility, the higher the fair value; The higher the discount rate, the lower the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets and financial liabilities classified as Level 3, an increase or decrease in their valuation parameter by 1% would have no material impact on gain or loss and other comprehensive income as at December 31, 2020 and 2019.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates

and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2)(8), and 12(3).

J. Significant inter-company transactions during the reporting period: None exceeds $100 million.

(2) Information on investees

Information on investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Limits on investments in Mainland China: Please refer to table 7.

C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None exceeds $100 million.

(4) Major shareholders information

Please refer to table 8.

14. SEGMENT INFORMATION

Segment information is presented in the consolidated financial statements in accordance with the regulations of IFRS 8.

CHC Healthcare Group

Loans to others

For the year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 3)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	Other receivables	Y	$ 380,000	$ 380,000	$ 230,000	2%	Short-term financing	$ -	Operation	$ -	None	$ -	$ 584,743	$ 2,338,974	
0	The Company	Chiu Ho Scientific Co., Ltd.	Other receivables	Y	130,000	80,000	40,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Shin-Ho Instruments Co., Ltd.	Other receivables	Y	30,000	30,000	-	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Tomorrow Medical System Co., Ltd.	Other receivables	Y	500,000	500,000	120,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Medlink Healthcare Limited	Other receivables	Y	100,000	50,000	32,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	Other receivables	Y	150,000	150,000	15,000	2%	Short-term financing	-	Operation	-	None	-	584,743	2,338,974	
1	Chiu Ho Scientific Co., Ltd.	High-End Vision Eye Center	Other receivables	Y	4,500	4,500	4,500	2.5%	Business transaction	6,102	-	-	None	-	6,102	62,048	
2	Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Other receivables	Y	198,000	169,000	169,000	2.5%	Business transaction	210,833	-	-	None	-	199,208	398,416	
						$ 1,363,500	$ 610,500										

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: (1) In accordance with the Company's lending policies and procedures, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the Company has a business relationship, the individual loan amount cannot exceed the total transaction amount with the Company in the most recent year.

B. For borrowers with short-term financing needs, the individual loan amount cannot exceend 10% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the lending policies and procedures of the Company's subsidiary, the credit limit for each type of borrower is set as follows:

A. For borrowers with which the subsidiary has a business relationship, the individual loan amount cannot exceed the total transaction amount with the subsidiary in the most recent year.

B. The total loan amount granted to a single party cannot exceed 20% of the subsidiary's net assets according to the most recent financial statements.

Note 3: (1) Limit on total loans granted by the Company: Total loan amount cannot exceed 40% of the Company's net assets according to the most recent financial statements.

(2) Limit on total loans granted by the Company's subsidiary: Total loan amount cannot exceed 40% of the subsidiary's net assets according to the most recent financial statements.

CHC Healthcare Group

Provision of endorsements and guarantees to others

For the year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 4)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 5)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 5)	Provision of endorsements/ guarantees to the party in Mainland China (Note 5)	Footnote
0	The Company	Chiu Ho Medical System Co., Ltd.	2	$ 11,694,873	$ 1,822,000	$ 1,562,000	$ 228,344	$ -	26.71%	$ 17,542,309	Y	N	N	
0	The Company	Tomorrow Medical System Co., Ltd.	2	11,694,873	1,520,000	1,520,000	947,113	-	25.99%	17,542,309	Y	N	N	
0	The Company	Chiu Ho Scientific Co., Ltd.	2	11,694,873	295,250	178,480	14,999	-	3.05%	17,542,309	Y	N	N	
0	The Company	E Century Healthcare Corporation	2	11,694,873	57,000	57,000	11,214	-	0.97%	17,542,309	Y	N	N	
0	The Company	Hsing-Yeh Biotechnology Co., Ltd.	2	11,694,873	100,000	100,000	13,023	-	1.71%	17,542,309	Y	N	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	The Company	3	1,992,084	828,236	828,236	786,824	828,236	83.15%	2,988,126	N	Y	N	
1	Hsing-Yeh Biotechnology Co., Ltd.	Tomorrow Medical System Co., Ltd.	4	1,992,084	575,164	575,164	532,371	575,164	57.74%	2,988,126	N	N	N	
2	Chiu Ho (CHINA) Medical Technology Co., Ltd.	CHC (Guangzhou) Medical Technology Co., Ltd.	4	254,479	43,790	43,770	-	-	34.40%	$ 381,718	N	N	Y	
						$ 4,864,650	$ 2,533,888	$ 1,403,400						

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the endorsement or guarantee amount for a single party cannot exceed 200% of the Company's net assets according to the most recent financial statements.

(2) In accordance with the policies and procedures on endorsements and guarantees provided by the Company's subsidiary, the endorsement or guarantee amount for a single party cannot exceed 200% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement or guarantee amount for a single party provided by the Company and its subsidiaries cannot exceed 200% of the Company's net assets according to the most recent financial statements.

Note 4: (1) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties cannot exceed 300% of the Company's net assets according to the most recent financial statemetns.

(2) In accordance with policies and procedures on endorsements and guarantees provided by Company's subsidiary, the total endorsement and guarantee amount provided to external partines cannot exceed 300% of the subsidiary's net assets according to the most recent financial statements.

(3) In accordance with the Company's policies and procedures on endorsements and guarantees, the total endorsement and guarantee amount provided to external parties by the Company and its subsidiaries cannot exceed 300% of the net assets of the Company according to the most recent financial statements.

Note 5: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

CHC Healthcare Group

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
The Company	Stocks–Taiwan Semiconductor Manufacturing Co., Ltd.	-	Financial asset at fair value through profit or loss-current	200,000	$ 106,000	0.00%	$ 106,000	
The Company	Stocks–S&S Healthcare Holding Ltd. (Note)	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	1,988,100	16,740	3.03%	16,740	
Chiu Ho Medical System Co., Ltd.	Stocks–Huede Healthtech Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	200,000	-	6.06%	-	
Chiu Ho Medical System Co., Ltd.	Stocks–AESolution Biomedical Co., Ltd.	The Company's chairman and the investee's chairman are the same person	Financial assets at fair value through other comprehensive income - non-current	855,400	19,041	6.69%	19,041	

Note: Formerly named as Swissray Global Healthcare Holding Ltd. and was renamed as S&S Healthcare Holding Ltd. as resolved by the shareholders at their meeting on June 30, 2020.

CHC Healthcare Group

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Sale of goods	$ 210,834	97%	6 months	-	-	$ 203,014	86%	Note

Note 1: Sales amount includes rental revenue.

Note 2: Notes and accounts receivable include lease payments receivable.

CHC Healthcare Group

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate (Note 1)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 2)	Allowance for doubtful accounts
					Amount	Action taken		
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Notes and accounts receivable (including lease payments receivable): $203,014	0.97	$ 68,788	In collection	$ 40,311	$ -
Hsing-Yeh Biotechnology Co., Ltd.	Yeezen General Hospital	Substantive related party	Other receivables:$169,000	0.00	-	-	59,000	-
The Company	Chiu Ho Medical System Co., Ltd.	Subsidiary	Other receivables:$230,000	0.00	-	-	-	-
The Company	Tomorrow Medical System Co., Ltd.	Subsidiary	Other receivables:$120,000	0.00	-	-	70,000	-

Note 1: Turnover rate of 0.00 was caused by the receivables amount recorded as other receivables in the parent company only financial statements, and thus the turnover rate is not applicable.
Note 2: The subsequent collections were amounts collected as of March 19, 2021.

CHC Healthcare Group

Information on investees

For the year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
The Company	Chiu Ho Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	$ 2,956,388	$ 2,380,988	377,540,000	100.00%	$ 4,257,012	$ 177,275	$ 166,415	Subsidiary
The Company	Tomorrow Medical System Co., Ltd.	Taiwan	Medical instrument sale, leasing and services	413,484	163,484	70,800,000	100.00%	794,631	17,137	17,137	Subsidiary
The Company	Chiu Ho Scientific Co., Ltd.	Taiwan	Ophthalmic equipment sale, leasing and services	151,422	151,422	9,853,841	100.00%	155,121	30,487	30,487	Subsidiary
The Company	Chiu Ho Biotech Co., Ltd.	Taiwan	Medical instrument leasing	317,182	317,182	33,000,000	100.00%	346,921	7,736	7,736	Subsidiary
The Company	Shin-Ho Instruments Co., Ltd.	Taiwan	Medical instrument leasing	119,171	9,171	11,300,000	100.00%	115,048	(2,883)	(2,883)	Subsidiary
The Company	Tong-Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	371,183	371,183	40,000,000	100.00%	480,835	38,916	38,959	Subsidiary
The Company	Hua Lin Instruments Co., Ltd.	Taiwan	Medical instrument leasing	451,815	521,815	48,600,000	100.00%	584,091	37,210	37,210	Subsidiary
The Company	Hsin Lin Biotech Co., Ltd.	Taiwan	Medical instrument leasing	85,929	85,929	8,000,000	100.00%	82,199	5,449	5,449	Subsidiary
The Company	E Century Healthcare Corporation	Taiwan	Medical instrument leasing	556,151	556,151	60,000,000	100.00%	812,228	81,254	81,254	Subsidiary
The Company	CHC Healthcare (BVI) Limited	British Virgin Islands	Holdings and indirect investments	522,432	522,432	940	100.00%	411,100	(16,318)	(16,318)	Subsidiary (Note 1)
CHC Healthcare (BVI) Limited	CHC Healthcare (HK) Limited	Hong Kong	Medical instrument sale, leasing and services	3,697	3,891	100,000	100.00%	37,702	(186)	(143)	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Chiu Ho Medical System Co., Ltd.	Medlink Healthcare Limited	Taiwan	Medical instrument sale	$ 1,545,300	$ 1,545,300	154,125,000	100.00%	$ 1,588,367	$ 29,756	$ 29,756	Subsidiary
Chiu Ho Medical System Co., Ltd.	SenCare Healthcare Company	Taiwan	Consulting service and elderly residence	194,000	194,000	19,400,000	65.99%	192,021	348	229	Subsidiary
Chiu Ho Medical System Co., Ltd.	PT CHC Medika Indonesia	Indonesia	Medical instrument leasing	3,398	2,768	1,568	100.00%	(313)	(1,547)	(1,547)	Subsidiary (Note 1)
Medlink Healthcare Limited	Hsing-Yeh Biotechnology Co., Ltd.	Taiwan	Medical instrument sale and leasing ; drug sale	1,513,464	1,513,464	93,600,000	100.00%	1,615,034	35,434	30,891	Subsidiary
Hsing-Yeh Biotechnology Co., Ltd.	CHENG-HSIN Biotechnology Co., Ltd.	Taiwan	Management consulting services and retail sales of food products and drugs	12,000	12,000	1,200,000	40.00%	-	(9,076)	(276)	Associate
SenCare Healthcare Company	CHC Long-term Care Corporation	Taiwan	Long-term care services	31,040	31,040	-	97.00%	30,554	(461)	(447)	Subsidiary (Note 2)

Note 1: Indirect investment company is organised as a limited liability company.
Note 2: Investee was organised as an associate.

CHC Healthcare Group

Information on investments in Mainland China

For the year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
CHC (Guangzhou) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	$ 270,639	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	$ 270,639	$ -	$ -	$ 270,639	($ 16,138)	100%	($ 16,127)	$ 237,936	$ -	
Chiu Ho (CHINA) Medical Technology Co., Ltd.	Medical instrument sale, leasing and services	214,865	(2) Indirect investment through CHC(BVI), a wholly-owned subsidiary of the Company	214,865	-	-	214,865	(13)	100%	(13)	127,240	-	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 3)
The Company	$ 485,504	$ 626,576	$ 3,600,001

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Income (loss) recognised based on financial statements audited by independent auditors

Note 3: Disclosed in accordance with the investment limits set forth in Jin-Shen-Zi No. 09704604680, issued by the Investment Comission of MOEA on August 29, 2008

Note 4: The Company invested in the investees in Mainland China, including Neusoft CHC Medical Service Co., Ltd. through an existing company in Mainland China. Due to the existing company in Mainland China is a holding company, therefore it shall first submit an application for approval from Investment Commission of the Ministry of Economic Affairs (MOEA) for its reinvestments, but the approval from MOEA are not required for other investments.

CHC Healthcare Group

Major shareholders information

December 31, 2020

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Princeton Healthcare Limited	28,257,983	17.99%
Tien-Ying Lee	9,413,985	5.99%

CHC Healthcare Group

Responsible person: Pei-Lin Lee